



Conserving Resources,
Preserving the Future.

[#ThermaxForABetterTomorrow](#)

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To view the report online, scan the QR code

ABOUT THE THEME

#ThermaxForABetterTomorrow

With sustainable energy and environment solutions at our core, we strive to build a better tomorrow where clean air is the norm; where the world runs on clean energy; and where everyone has access to clean water. Our innovative offerings are enabling more and more industries and businesses to mitigate their environmental impact, build a greener world and shape a prosperous future.

While empowering others with our products and solutions, we also aim to reduce our own environmental footprint. Since 2019, we have set a target of 25% absolute reduction in carbon emissions by 2025. Actions for

transformative changes have been initiated internally towards this end. Aligned with our corporate philosophy, 'Conserving Resources, Preserving the Future', this commitment reaffirms our pledge to realise the future we envisage and work towards it every single day.

Our vision for a better tomorrow is further validated by the smart technologies we adopt. Driving greater transparency and continuous improvement in our operations, these technologies are good for our customers and for our world alike. Our consistent efforts towards creating waste to value,

recycling water, minimising emissions, ensuring high plant reliability, optimising costs and delivering superior customer support are also helping us to use our resources more efficiently and intelligently, and embody a high-performance culture.

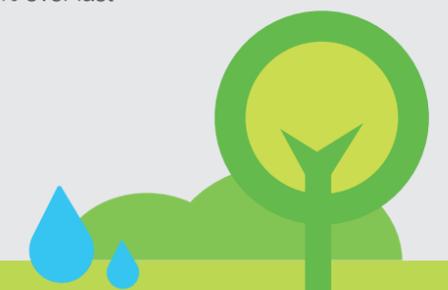
We, at Thermax, aim to be a partner to a world that is undergoing energy transition.

We are committed to doing what's right and creating a better tomorrow.

Conserving Resources, Preserving the Future.

KEY HIGHLIGHTS OF FY 2021-22

- Recorded total revenue of Rs. 6,128 crore in FY 2021-22, as compared to Rs. 4,791 crore in FY 2020-21
- Profit After Tax (PAT) stood at Rs. 312 crore as compared to Rs. 207 crore in the previous year
- The Group recorded its highest ever order book at Rs. 9,410 crore, up from Rs. 4,784 crore compared to the previous fiscal
- The margins for the year were impacted primarily due to commodity price rise
- Bagged Rs. 1,176 crore order from an Indian Public Sector Undertaking (PSU) for setting up a sulphur recovery block
- Concluded two large flue gas desulphurisation (FGD) orders in Q3 and Q4 of Rs. 830 crore and Rs. 545 crore respectively from power sector companies
- Expanded the renewable energy business to offer solutions in wind and storage batteries besides solar on an opex basis
- Launched 'Thermax Edge', a comprehensive IoT-based digital platform for customers to fulfil their product and service requirements
- Thermax's Channel Business Group (CBG) reported extraordinary performance during the year by achieving a growth of 43% over last year
- The order book for the services business grew by 31%



ABOUT THIS INTEGRATED REPORT

Reporting Approach

The terms 'Thermax', 'Thermax Group', 'the Group', 'the Company', 'your Company', 'we', 'our' and 'us' refer to Thermax Limited.

Developed in accordance with the International Integrated Reporting Council's (IIRC) <IR> framework, Thermax Limited is pleased to present its Integrated Report for FY 2021-22. The Report provides key insights into how the Company creates value in the short, medium and long-term for its stakeholders.

In addition to this and as mandated by SEBI, stakeholder relevant performance is also reported by Thermax through a Business Responsibility Report. Both reports have been combined to avoid duplication and ensure comprehensive yet concise information to all shareholders.

As a Company, we are committed to achieving the highest governance standards essential for sustainable value creation. This is reflected in our reporting philosophy which is founded on the principles of accountability, transparency, accuracy, integrity, responsibility and compliance.

Framework, Guidelines and Standards

The Report covers key performance indicators in line with the <IR> framework. It also links the Company's capital wise performance to the United Nations Sustainable Development Goals (UN SDGs). Sections of the document also comply with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. Stakeholders are encouraged to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of the Company's annual performance.

Boundary and Scope of Reporting

The Report covers information pertaining to, but not limited to, manufacturing facilities, products and solutions, operations and maintenance, office premises of the Thermax Group and its material

subsidiaries. Disclosures pertaining to the period April 1, 2021, to March 31, 2022, are also covered under this Report, unless stated otherwise.

Responsibility Statement

The management has evaluated the contents presented in the Report and assured its integrity to the best of its knowledge in the capacity of Those Charged With Governance (TCWG). The publication of this Report has been approved by the management on May 20, 2022.

Forward-looking Statements

Certain statements in this Report regarding Thermax's business operations may constitute forward-looking statements. While these statements reflect the Company's future expectations, it is important to remain mindful that a number of risks, uncertainties and other important factors could cause actual results to differ materially.

Capitals

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

Stakeholders

- Customers
- Employees
- Vendors and Business Partners
- Owners and Shareholders
- Government Authorities
- Communities and Academic Groups
- Future Generations

Feedback and Suggestions

We welcome your feedback and suggestions on this Report.

You may email us at cservice@thermaxglobal.com

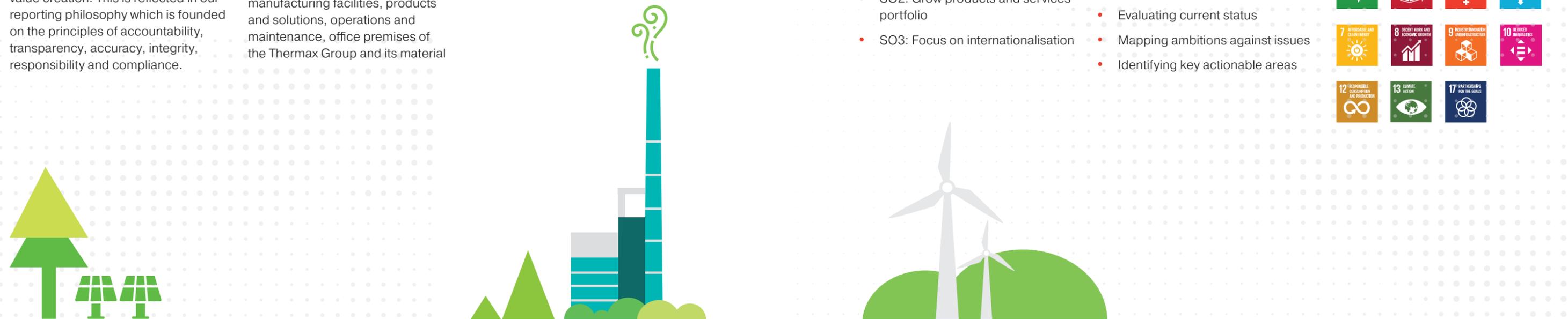
Strategic Objectives

- SO1: Increase the share of green offerings
- SO2: Grow products and services portfolio
- SO3: Focus on internationalisation

Approach to Materiality

- Identifying material issues and priority matrix showing current status and future path
- Evaluating current status
- Mapping ambitions against issues
- Identifying key actionable areas

Sustainable Development Goals



PERFORMANCE SNAPSHOT FY 2021-22



Financial Capital



Financial Capital is a critical input in the conduct of our business activity which helps us to leverage the value of other capitals. It represents the surplus funds generated from business operations and financial activities, which are further utilised in infrastructure development, technologies, manufacturing, working capital, marketing, overall development, and talent retention.



Rs. **6,128** crore
Revenue

Rs. **456** crore
Operational EBITDA

Rs. **312** crore
PAT



Manufactured Capital



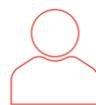
Manufactured Capital comprises the tangible and intangible infrastructure used for value creation and is represented by our manufacturing facilities, offices, physical assets and logistics facilities.



74.7%
Green portfolio

785 MW
Total power generated

4.89 times
Fixed asset turnover ratio



Human Capital



Human Capital indicates the economic value of our employees' work experience, and well-being. It includes intangible assets like education, training, skills, knowledge, intelligence, health and traits like loyalty and punctuality, enabling Thermax to deliver on its corporate vision.



36.2%
Employees with tenure of over 10 years

Rs. **3.3**
Value added per rupee of employee cost

0.33
Lost time injury frequency rate (LTIFR)



Intellectual Capital



Intellectual Capital refers to the collective knowledge, research, thought leadership and intellectual property that supports our business activities. It also includes our innovation quotient, world-class technology and robust processes to improve process efficiencies and optimise resource utilisation.



Patents applied - **11**
Total granted - **14**

401
No. of equipment with remote monitoring functionality

12
Customer processes digitalised



Social & Relationship Capital



Social and Relationship Capital refers to the value derived from the long-term and trust-based relationships established with our customers, investors, suppliers and the communities we operate within. We align our social interventions with the United Nations Sustainable Development Goals (SDGs).



8,070
No. of direct beneficiaries of CSR initiatives

2,446
No. of active MSME suppliers

3,150
No. of student beneficiaries



Natural Capital



Natural Capital refers to the renewable and non-renewable natural resources like raw materials, energy, land and water, and processes directed towards conservation and footprint reduction. With sustainability as our core, we invest significantly in Natural Capital, as it directly contributes to our economic turnover and in delivering stakeholder value.



20,551 GJ
Energy savings

2,362 tCO₂e
Carbon emissions reduced

2,24,488 m³
Water reused and recycled

THERMAX LIMITED – AT A GLANCE

Incorporated in 1966 as Wanson India by A.S. Bhatena, Thermax Group is headquartered in Pune, India. The Group has grown into a leading conglomerate in energy and the environment space, strategically spreading its operations to markets worldwide, catering to a gamut of industries. Thermax offers integrated solutions in heating, cooling, power generation, water treatment and recycle, air pollution control, and chemicals with a focus on ensuring clean air, clean energy, and clean water.

We operate globally through 34 international and 22 domestic offices, 14 manufacturing facilities – 10 in India and 4 overseas, spanning Europe and South East Asia. Our presence extends to over 90 countries and we support customers through an extensive service network spread across Asia, South East Asia, the Middle East, Africa, Europe and the Americas. The Group consists of 10 wholly-owned domestic subsidiaries and 22 wholly-owned overseas subsidiaries.

Vision



To be a globally respected, high performance organisation offering sustainable solutions in energy and the environment.

Values



- Respect
- Commitment
- Honesty and Integrity
- Concern for Society and the Environment

Ethos



Our business ethos is rooted in good governance. We respect and balance the interests of our diverse stakeholders.

Sustainable Solutions by Thermax

	<h3>CLEAN AIR</h3> <ul style="list-style-type: none"> With climate change mitigation becoming an imperative for the sustenance of our planet, nations and organisations are rapidly developing and executing decarbonisation plans Thermax is a key player in providing solutions for abating gaseous and particulate emissions that help enterprises manage the environmental impact of their business
<h3>CLEAN ENERGY</h3> <ul style="list-style-type: none"> As global emissions are reaching an alarming level, and in view of countries adopting the net-zero pledge, making a shift to renewable sources of energy is inevitable Thermax, being at the leading edge of technology and business practices, is focussed on creating a mark in the evolving sphere of energy transition 	
	<h3>CLEAN WATER</h3> <ul style="list-style-type: none"> Recycling and utilising treated water is a necessity in today's world, where water scarcity is a pressing concern Thermax, with more than four decades of expertise, has been continuously developing and innovating products, systems and services for water and wastewater management

Our Core Business Segments

Energy Segment



Heating

Boilers and Fired Heaters

- Energy Plants
- Fired Heaters
- Heat Recovery Boilers
- Heat Recovery Systems
- High Pressure Boilers
- Hot Water Generators
- Lean Gas Fired Boilers
- Oil & Gas Fired Boilers
- Solid Fuel Fired Boilers
- Steam Boilers
- Supercritical Boilers
- Thermal Oil Heaters and Vapourisers
- Waste to Energy Boilers

Steam Engineering Solutions

- Condensate Management Systems and Valves
- Process Automation and Monitoring Equipment
- Steam Generation and Distribution Products



Cooling

Absorption Cooling and Heating

- Chiller-Heaters
- Heat Pumps
- Heat Transformers
- Hybrid Chillers
- Vapour Absorption Chillers

Process Cooling

- Adiabatic Coolers
- Closed Loop Cooling Towers
- Evaporative Condensers
- Air Cooled Heat Exchangers
- Dry Coolers
- Radiators



Renewable Energy

- Build and Operate Bespoke and Flexible Energy Assets
- RE Power Project Developers
- Solar Hybrid Farms and Storage Batteries
- Utility Delivery Services on Build-Own-Operate Model



Projects and Energy Solutions

EPC Offerings

- Air Cooled Condensers
- Bio-CNG Plants
- Cogen/Trigen Power Plants
- Refinery Process Units
- Waste Heat Recovery Power Plants



Specialised Services

- Energy Audit and Utility Piping Consultancy
- Energy Management Solutions
- Genuine and Reliable Spare Parts
- Life Extension Services
- Operations & Maintenance of Utilities
- Plant Improvement Projects
- Proactive, Preventive and Corrective Maintenance Services
- Remote Monitoring and Assistance Services
- Retrofits and Upgrades

Environment Segment



Air Pollution Control

- Bag Filters
- Coal Preparation Plants
- ComboFilter
- Electrostatic Precipitators
- Gaseous Abatement Systems, Including Flue Gas Desulphurisation Systems
- Heat Exchangers
- Scrubbers



Specialised Services

- Annual Service and Maintenance Contract
- Overhauling and Repairs, Plant Improvements and Upgrades
- Plant Automation, Audits and Evaluation
- Spare Parts Management and Support
- Thermax Differentiated Services (Customised Service Plans for Industrial and Urban Segments)
- Virtual Technical Support

For more details, refer to the Business Segments section in the MDA on page 60.

Making a Difference

- As a one-stop utility solutions provider, we also extend comprehensive operations and maintenance support allied to each of our business verticals as well as a multitude of specialised services
- The systems, products, and services we develop, help the industry to achieve better resource productivity and improve bottom lines while maintaining a cleaner environment
- Even as we convert costs to profits, we help to protect the environment in our own limited ways – a win-win for industry and the society at large

Chemical Segment



- Construction Chemicals
- Ion Exchange Resins
- Oil Field Chemicals
- Water and Fuel Treatment Chemicals



Global Network

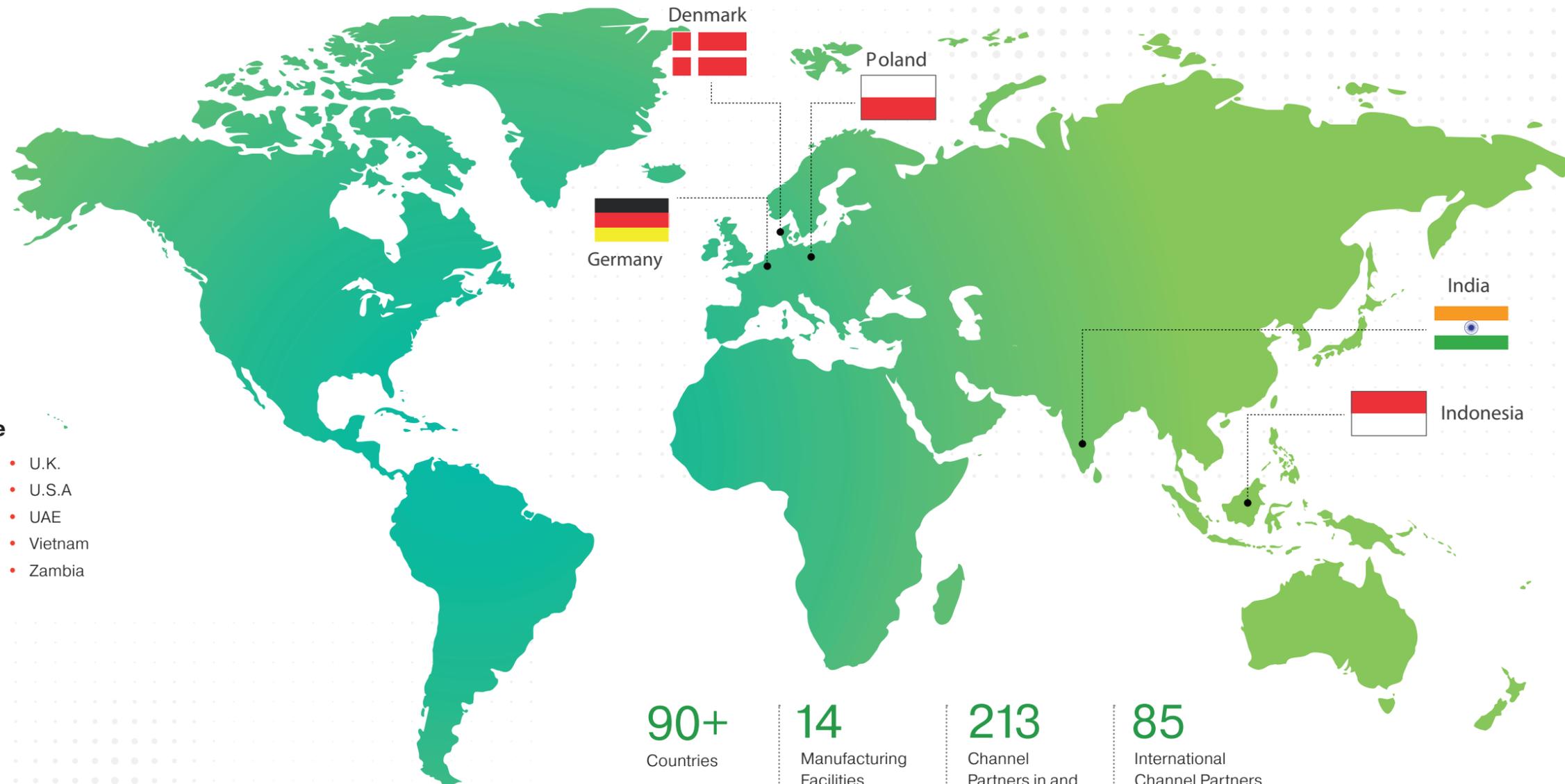
Head Office India

Manufacturing Units

- India (10)
- Indonesia
- Denmark
- Germany
- Poland

International Subsidiaries, Sales & Service

- Bangladesh
- Brazil
- Canada
- Denmark
- Egypt
- Germany
- Indonesia
- Italy
- Kenya
- Malaysia
- Mauritius
- Myanmar
- Netherlands
- Nigeria
- Philippines
- Poland
- Russia
- Saudi Arabia
- Senegal
- Singapore
- Sri Lanka
- Tanzania
- Thailand
- Turkey
- U.K.
- U.S.A
- UAE
- Vietnam
- Zambia



90+
Countries

14
Manufacturing Facilities

213
Channel Partners in and around India

85
International Channel Partners

Industries Served

WEATHERING THE COVID-19 CRISIS

The Covid-19 pandemic shifted priorities and pushed us to adopt and excel in new ways of doing business. With thoughtful and judicious moves, we mitigated the challenges to ensure business continuity and kept our stakeholders well supported during the crisis.

	Overview	Initiatives	More Information
Employees	Focussed on employee health and safety while ensuring continued business performance	<ul style="list-style-type: none"> App developed to enable easy registration of Covid-19 vaccination Daily monitoring of the vaccination status Mailers and seminars to encourage pandemic appropriate behaviour Webinar on Covid-19 insurance coverage Sessions on hybrid work model and mental and physical well-being 	<p>➤ For more details, refer to the chapter on Human Capital on page 40.</p>
Customers	Reinvented ourselves with speed and agility to meet the ever-evolving customer requirements	<ul style="list-style-type: none"> Launch of Thermax Edge Implemented remote commissioning and IIoT-enabled services Quick response facilitated through digital platforms to resolve technical issues with greater efficiency Safety measures were ensured at customer sites, including Covid-19 tests, temperature checks and other SOPs 	<p>➤ For more details, refer to the chapter on Social and Relationship Capital on page 44.</p>

	Overview	Initiatives	More Information
Channel and Vendor Partners	Facilitated various initiatives to enhance their business and grow together	<ul style="list-style-type: none"> Channel finance provided TCAs with an overdraft facility, helping them with better cash flow Digital sales commission pay-out for Thermax Channel Associates (TCAs), ensuring a reduction in process timeline and timely disbursement Provided online service support to enhance equipment uptime and commissioned an electric boiler remotely, overseas 	<p>➤ For more details, refer to the chapter on Social and Relationship Capital on page 44.</p>
Communities and Academic Groups	Served and strengthened the marginalised communities through multiple initiatives	<ul style="list-style-type: none"> Thermax Foundation provided need-based oxygen concentrators, ventilators and bipaps at municipal hospitals in Pune and Covid-19 centres near factory locations Progress was made on the Social Compact (SoCo) initiative for restoring the equity of migrant workers 	<p>➤ For more details, refer to the chapter on Social and Relationship Capital on page 44.</p>

MESSAGE FROM THE CHAIRPERSON

Thermax has always been a firm advocate of ESG (Environment, Social, Governance). Being a leading energy and environment solutions provider, it has managed a significant shift in its energy mix – coal combustion forms less than 20% of our revenues.

Meher Pudumjee



My Dear Shareholder,

I am delighted to share the 41st Annual Report of your Company for the financial year 2021-22. The past year brought unusual challenges for both people and businesses. The global economic recovery faced significant headwinds amid new waves of Covid-19 infections, supply chain challenges, uncertain shipping and commodity price increases and rising inflationary pressures. However, many countries, including India, adopted various economic and financial policies to promote financial stability and reduce vulnerability to the crisis.

On the domestic front, positive momentum continued as the Union Budget 2022-23 pushed the energy transition agenda further, with an additional allocation for energy efficiency, electric mobility, and grid-connected energy storage. Enabling policies like the Production-Linked Incentives (PLI) to boost domestic manufacturing, prioritising fully integrated manufacturing units and reducing dependency on imports added to the momentum.

FY 2021-22 was indeed a year of change; continuing with the second wave that was devastating for many across the world and particularly in India. I remember how many of our people were desperate to find a hospital bed. My heart goes out to families who lost their loved ones. Let's pray and hope we don't witness any further dangerous Covid waves.

Despite the challenging global and domestic environment, the year under review indicated a satisfying journey for Thermax, as we continued to drive change with partnerships and strategic tie-ups. Businesses secured many more green orders, with a continued focus on service orientation and digitalisation; helping our customers enhance energy efficiency, ensure high plant reliability and adopt best practices on cost and resource optimisation. Overall, there was a build-up of pride and positive energy while getting used to a hybrid working environment.

I take this opportunity to thank our Board for their valuable guidance and support, especially under difficult circumstances. On behalf of the Board, my sincere thanks to Ashish for having successfully led the business during such unprecedented times. I am proud of the work he and his entire team are doing to make the organisation a lot more energetic and vibrant, customer-facing, growth-oriented,

employee-centric, as well as bringing a fresh perspective to investing in new energy initiatives and technology orientation.

A warm welcome to Dr. Ravi Gopinath who has joined our Board as an Independent Director. He worked as Chief Operating Officer, Chief Product Officer and Chief Strategy Officer in AVEVA plc, a FTSE listed industrial software company from 2018-2022. Ravi is based in Singapore and brings a perfect blend of engineering, manufacturing and digital domains, which will benefit Thermax as we navigate towards becoming a digitally-enabled organisation.

With a heavy heart, we say goodbye to Dr. Valentin von Massow as he retires from the Board in July 2022. Valentin has been associated with Thermax since the year 1999-2000, when he was the MD of Boston Consulting Group (BCG) India, and led the turnaround of our Company. It's after his early retirement from BCG that he joined our Board and has been a strong pillar of strength, both in the Board room and outside. We thank Valentin for his immense contribution and wish him a very happy and healthy retired life.

Our Board members and the Company have been a strong proponent of green. With India having pledged to be 'carbon neutral' by 2070 at the COP26 summit last November, our brand promise, 'Conserving Resources, Preserving the Future,' clearly expresses the purpose of our existence and the goals we hope to accomplish.

It also gives me great pleasure to mention that we are one of the signatories to the 'Social Compact' (SoCo) initiative launched in September 2020.



As stated last year, we have set an internal blueprint for achieving 25% carbon reduction by 2025, from a 2019 baseline within the Company.

Thermax has always been a firm advocate of ESG (Environment, Social, Governance). Being a leading energy and environment solutions provider, it has managed a significant shift in its energy mix – coal combustion forms less than 20% of our revenues. Thanks to the sustained efforts of our employees, we have significantly reduced our dependency on fossil-based solutions and yet grown our revenue significantly. This year we invested in expanding our renewable energy business through our wholly-owned subsidiary, First Energy Private Limited. In doing so, we will be partnering with our customers in their energy transition journey through customised off-grid captive solar powered solutions. This complements our build-own-operate renewable energy model of TOESL (Thermax Onsite Energy Solutions Limited), which owns and operates green utilities.

With capacity enhancement projects going on in multiple industries, we are witnessing continued strength in new enquiries and robust order inflows from industrial segments like cement, steel, power, chemicals, refining and petrochemicals. The year saw our highest-ever order book. With climate change and the present spike in fossil fuel prices, more and more companies are looking to enhance energy efficiency, reduce their carbon and water footprint, and move away from coal to other forms of energy. Thermax is poised to play a major role in this shift, keeping in mind energy security as India moves into a just transition.

In summary, we have brought significant impetus to the business, building muscle to deliver continued profitable growth. We are preparing Thermax for further flexibility, agility and nimbleness. We are constantly

trying to be a faster, better, more efficient, greener, more sustainable, and a performance-oriented organisation that nurtures and grows talent. We have a lot of work to do, and so much to look forward to.

It also gives me great pleasure to mention that we are one of the signatories to the 'Social Compact' (SoCo) initiative launched in September 2020. This is very much a part of the 'S' of ESG and continues in partnership with NGOs Dasra, Aajeevika Bureau and Centre for Social Justice. Although slow in taking off, each of our businesses is working towards meeting certain criteria to ensure equity and dignity of our informal labour force. We hope to shift gear this year and move a level deeper as businesses continue to engage.

As a step ahead, Thermax Foundation, along with Bajaj Auto, jointly launched a 'Worker Facilitation Centre (WFC)', mobilised by our NGO partners at Pimpri Chinchwad Municipal Corporation (PCMC), which is one of the major industrial clusters in Pune. We look forward to the WFC playing a key role in facilitating awareness and linkages to government-entitled schemes, providing services to workers in the community and other outreach programmes.

In closing, I would like to extend my sincere gratitude to all those who contributed to our success - our customers for believing in us; our employees who ensured we maintain leadership in a competitive landscape; our shareholders for their continued support, trust and confidence in us; our business and supplier partners and other stakeholders for helping us meet our commitments through a tough year.

Together, we hope to achieve an even brighter future for the environment and society at large. Stay safe.

Warmly,
Meher Pudumjee
Chairperson

MESSAGE FROM THE MANAGING DIRECTOR & CEO

Across all sectors, climate change remains at the top of the agenda of most customers. FY 2021-22 has been a watershed year for several products in our ever-growing green portfolio.

Ashish Bhandari



Dear Shareholder,

I have been with Thermax for more than two years now, and this is the first time during my tenure that the long shadow of Covid-19 is seemingly behind us. No summary of the year gone by can be complete without considering the immense hardships many had to endure.

Covid's second wave was particularly severe for the Thermax team in India. We lost a few of our colleagues, and many families suffered casualties. Our prayers go out to the loved ones we have lost. As we turn a new chapter, a heartfelt thank you to all the employees and partners that ensured business continuity through the Covid-induced challenges.

Even as the impact of Covid-19 on business is gradually subsiding, new challenges are emerging. Prime among these is the impact of commodity prices resulting from geopolitical strife and high inflation. Steel prices surged with a rise of 36% during the past financial year. Prices of other commodities also soared as demand outstripped supply, including crude, nickel, copper and aluminium. Freight has also been uncertain and expensive. Our Chemicals business was particularly impacted during the year as a significant portion of its orders come from exports to Europe and North America. About 30% of Thermax's revenue was contributed by projects having longer gestation period. The impact of this unanticipated increase in input costs has been approximately 70% which were offset by way of productivity increases and cost outs. In addition, we also increased our prices on multiple occasions during Q3 and Q4 across various product categories. The delay in the impact of price increases and the elastic nature of demand for the product businesses resulted in lower price realisation than anticipated.

As I look forward to the next financial year of FY 2023, the outlook on commodities appears to be mixed. Our focus will be on minimising Thermax's exposure to commodity price fluctuations. This implies passing on international freight costs to our customers, having shorter quotation validity windows, and ensuring faster ordering of raw materials once we receive an order.

Despite medium-term impediments, our business continues to be stronger than ever. The strength is a result of three key factors – positive momentum in the Indian economy, growing demand for green energy, and a keen focus on innovating and developing our products and services.

The Indian economy revived sharply from the slowdown caused by Covid in FY 2021-22. At Thermax, we witnessed a strong enquiry pipeline across multiple segments, including cement, steel, sugar and other agro-industries, pharmaceuticals, refining, and petrochemicals. Thermax's channel network of around 150 partners across India helped the Company deliver three of its biggest-ever quarters during the year, reflecting a broad-based recovery.

Across all sectors, climate change remains at the top of the agenda of most customers. FY 2021-22 has been a watershed year for several products in our ever-growing green portfolio. Our large Boilers and Heaters business had nearly Rs. 1,300 crore worth of orders for applications relating to waste heat recovery, biomass and spent wash firing, and green multi-fuel operations. As part of our Process Heating business, we delivered an electric boiler from our India plant to a customer in Bhutan. TOESL successfully executed the first international build-own-operate biomass based project in Indonesia, besides contracts for steam supply from leading F&B, textile, edible oil companies. Fostering our energy transition journey, we took a significant step where Thermax contracted two large orders with its entry into the bio-CNG space.

The first wave of Covid-19 was an eye-opener for us in several aspects of the business. On the customer front,

With the aim of radically changing Thermax's service levels, a core team worked through Covid's second wave to develop Thermax Edge - our customer portal.



Thermax's ability to service its installed base was one of the most important areas highlighted for improvement. Our installed base has thousands of units sold over the decades that are still operational. Connecting with the installed base and offering relevant services around AMC, genuine parts, energy transition, and upgrades is critical to our growth story. With the aim of radically changing Thermax's service levels, a core team worked through Covid's second wave to develop Thermax Edge – our customer portal. It is a comprehensive platform to provide critical equipment related real-time intelligence and facilitate customers' needs for all their Thermax-related products and service requirements. We are also investing in our industrial products by modularising product platforms, creating standard quotation tools, and cutting down lead times. As we embark on this journey, we do realise that it may take a couple of years for us to gain suitable competence. Our products and services business grew 48% and 31% respectively, during FY 2021-22.

The rapid bounce-back of our business in an environment of commodity price rise led to executional challenges throughout the year. Given this backdrop, even though factory utilisation was manageable in aggregate, the impact was definitely felt in engineering, project management and site construction. Among other impediments, safety, especially, was an area where our record was inadequate this year. We are closely monitoring safety parameters at sites and undertaking appropriate measures to avert any unfortunate incidents. Also, as is the case in several industries, attrition has increased to pre-Covid levels. In response, we are adopting a tailored approach to tackle new workplace challenges, such as a hybrid work policy and an integrated performance management system.

As part of community outreach, our initiative, Social Compact (SoCo) is being implemented across

our factories and service sites. The inauguration of the Worker Facilitation Centre in Pune is a significant milestone in this direction.

For more details, refer to the SoCo case study on page 48.

The Board and Executive Committee of Thermax met in person in December 2021 with the agenda of chalking out a path for 'Thermax in 2030'. The guest speaker, Arunabha Ghosh, set the tone for the session by creating urgency around climate change. It is clear to us that energy transition will define the next 10 years of Thermax, and this period of change will provide ample risks and opportunities.

During this time of energy transition for the broader industry, Thermax has the potential to play the role of a partner. To be a valued partner, Thermax will have to build new capabilities, including a deep understanding of the latest technologies, a solutions-driven mindset, key account management abilities, and organisational agility. Thermax's strengths stem from our wide reach across the spectrum of industrial customers and associates, the trust they place in us and our expertise in understanding their diverse energy needs. Being a partner in energy transition will form the foundation for Thermax's 2030 strategic charter.

With the pandemic now behind us, I am hopeful that we will emerge stronger and deliver sustained growth in the coming years. I would like to take this opportunity to thank all our stakeholders for their continued trust in us.

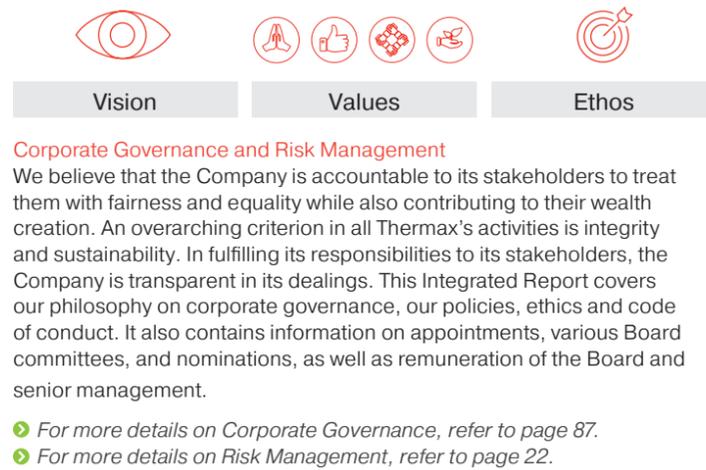
Warmly,
Ashish Bhandari
Managing Director & CEO

OUR BUSINESS MODEL

Capital-wise Inputs

	FY 2021-22	FY 2020-21
Financial Capital	(Rs. in crore)	(Rs. in crore)
Current Assets	Rs. 4,738	Rs. 4,466
Order Booking	Rs. 9,410	Rs. 4,784
Net Worth	Rs. 3,492	Rs. 3,251
Net Block of Assets	Rs. 1,239	Rs. 1,266
Borrowings	Rs. 355	Rs. 317
Manufactured Capital		
Manufacturing Plants	14	14
Domestic and International Offices	56	58
Project Sites	261	240
New Capacity Added	NA	Chemical (Dahej) (10,000 m ³ per annum)
Material Consumed (Rs. in crore)	Rs. 3,485	Rs. 2,539
Human Capital		
No. of Internal Audits	1,436	1,105
No. of External Audits	22	20
No. of Internal Auditors Certified	27	20
No. of Permanent Workmen Deployed	876	975
No. of Permanent Employees (Thermax Group – including subsidiaries and excluding workmen)	3,758	3,627
No. of Man-hours of Training	46,226	65,410
Total Cost of Employees	13.3%	15.8%
Investment in Training and Development (Rs. in crore)	Rs. 1.47	Rs. 1.27
Intellectual Capital		
R&D Spend as % of Group Turnover	0.51%	0.56%
No. of Employees in R&D Team	137	111
Investment in Technology Initiatives (Rs. in crore)	Rs. 17.7	Rs. 16.7
No. of Tie-ups with External Research Firms	New tie-up: 1 Continued: 1	New tie-up: 1 Continued: 5
Social and Relationship Capital		
Total CSR Spend (Rs. in crore)	Rs. 7.54	Rs. 7.84
No. of Suppliers Trained on Sustainability	70	84
No. of Dealers	154	132
No. of Green Channel Vendors	243	222
No. of MSME Suppliers	2,447	2,018
No. of Customer Engagements	109	668
Natural Capital		
Renewable Energy Generated	15,147 GJ (4,207 MWh)	15,201 GJ (4,222 MWh)
Non-Renewable Energy Consumed	3,37,899 GJ (93,861 MWh)	2,79,312 GJ (77,587 MWh)
Water Consumed	8,93,567 m ³	8,09,018 m ³
Trees Planted (Saplings)	5,957	4,310
Capex on Projects Related to Carbon Footprint Reduction (Rs. in crore)	Rs. 1.39	Rs. 1.1
Zero Liquid Discharge Installations	7	7
Cumulative Rainwater Harvested	41,625 m ³	41,625 m ³

Value Creation Process



Key Business Activities



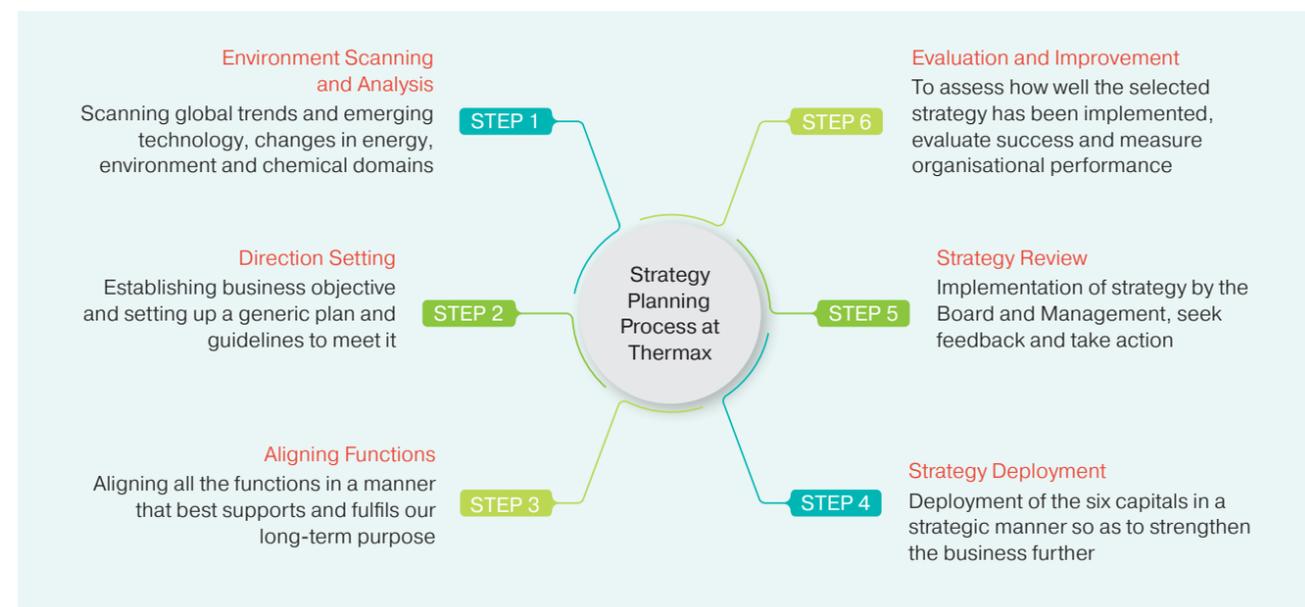
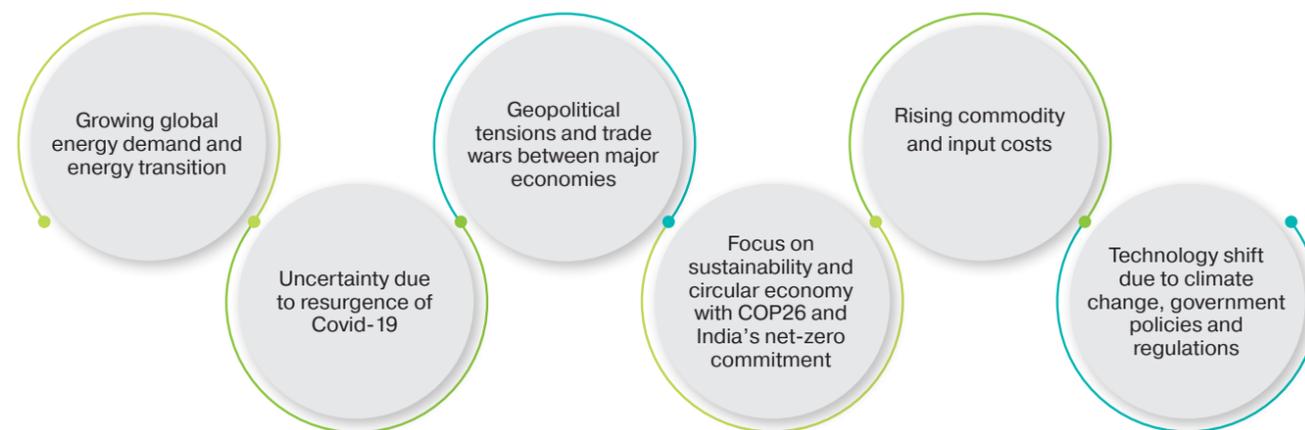
Capital-wise Outputs

	FY 2021-22	FY 2020-21
Our Stakeholders		
Customers		
Employees		
Vendors and Business Partners		
Owners and Shareholders		
Government Authorities		
Communities and Academic Groups		
Future Generations		
Evaluating the Impact of Materiality Issues		
Our Strategic Objectives		
SO1 - Increase the share of green offerings		
SO2 - Grow products and services portfolio		
SO3 - Focus on internationalisation		
For more details, refer to the sections on Strategies for a Sustainable Tomorrow, Engaging with our Stakeholders and Addressing Material Matters on page 20, 24 and 26, respectively.		
Financial Capital		
Total Revenue (Rs. in crore)	Rs. 6,128	Rs. 4,791
Profit After Tax (Rs. in crore)	Rs. 312	Rs. 207
Operating Cash Flow (Rs. in crore)	Rs. 325	Rs. 769
Operational EBITDA (Rs. in crore)	Rs. 456	Rs. 385
Earnings Per Share	Rs. 27.73	Rs. 18.34
Remuneration including Retirement Benefits to Employees (Rs. in crore)	Rs. 813	Rs. 759
Contribution to Exchequer (Rs. in crore)	Rs. 225	Rs. 189
Manufactured Capital		
Fixed Asset Turnover Ratio	4.89 times	3.72 times
Total Power Generated	785 MW	588 MW
Power Generated through Assets Operated	4,058 GWh	3,819 GWh
Environment-friendly Vapour Absorption Cooling	1,15,771 NTR	1,07,195 NTR
Air Treated through Air Pollution Control System	73.16 million m ³ /hour	30.6 million m ³ /hour
Water Treated and Recycled	248.7 MLD	225 MLD
Heating Solutions – Quantity of Heating Done	4,061 MWTH	3,283 MWTH
Total Chemicals Manufactured	26,022 MT	25,990 MT
Human Capital		
No. of Whistleblower Complaints Resolved	9 received and 7 resolved	12 received and resolved
No. of Anti-Social Harassment Act Complaints Received and Resolved	Nil	Nil
Regrettable Attrition Rate	11%	7%
Value Added Per Rupee of Employee Cost	Rs. 3.25	Rs. 2.97
Lost Time Injury Frequency Rate	0.33	0.28
% of Employees with Tenure of Over 10 years in Thermax	36.24%	29.31%
No. of Fatalities among Employees	Permanent - 1 Contractual - 6	Permanent - 1 Contractual - 0
Intellectual Capital		
No. of Patents Applied and Granted	Applied - 11 Total Granted - 14	Applied - 4 Total Granted - 22
No. of Trademarks Registered	Applied - 9 Registered - 6	Applied - 2 Registered - 1
No. of Customer Processes Digitalised	12	15
Equipment with Remote Monitoring Functionality	401	369
Social & Relationship Capital		
No. of Families Directly Benefited through CSR	8,070	5,000
No. of Student Beneficiaries	3,150	2,000
% of Customer Complaints Resolved	98.3%	98.8%
% of Material Sustainably Sourced	37%	35.6%
No. of Active MSME Suppliers	2,446	2,018
No. of Complaints Related to Unfair Trade Practices, Irresponsible Advertising or Anti-competitive Behaviour	Nil	Nil
No. of Orders through Channel Network	6,840	5,787
Natural Capital		
Carbon Emissions Reduced	2,362 tCO ₂ e	2,174 tCO ₂ e
Energy Saved	20,551 GJ (5,709 MWh)	17,464 GJ (4,851 MWh)
Water Reused and Recycled	2,24,488 m ³	2,16,413 m ³
Rainwater Harvested	20,284 m ³	25,253 m ³

STRATEGIES FOR A SUSTAINABLE TOMORROW

Our business outlook and broad financial goals are embedded as our overarching strategic priorities. Our growth strategies focus on identifying new opportunities, leveraging key strengths and building new capabilities that are expected to bring significant benefit in the coming years.

Our Operating Context



Strategic Imperatives

Strategic Objective	Definitions	Focus Areas	Key Performance Indicator	Remarks
S01 Increase the share of green offerings	To provide solutions that lead to clean air, clean energy and clean water	<ul style="list-style-type: none"> Build-Own-Operate (BOO) model for utility delivery services New renewable energy solutions Waste to energy solutions Water recycle and zero liquid discharge (ZLD) Solutions for particulate and gaseous emissions 	74.7% share of order booking from green portfolio compared to 68.1% in the previous year	Increasing focus on decarbonisation and sustainability across sectors
S02 Grow products and services portfolio	Innovate and develop new products and services aligned to our brand promise and reduce the cyclicity of the projects business	<ul style="list-style-type: none"> Industrial products (heating, cooling, water and waste solutions and air pollution control) Chemicals portfolio Services Digital Solutions 	Order book from products and services increased by 41% during the year	Broad-based recovery across industries and continued focus on improving product and service offerings
S03 Focus on internationalisation	To increase the market share in selective geographies outside India	<ul style="list-style-type: none"> International business Exports 	International orders were up 38% from (7.3%) in FY 2021-22	The order book increased in FY 2021-22 due to the improvement in the business of international subsidiaries

➤ For more details, refer to the section on Performance on Strategy in the MDA on page 68.



➤ For more details, refer to the chapters on Intellectual Capital and Human Capital on page 36 and page 40, respectively.

RISK MANAGEMENT

Our Enterprise Risk Management Framework periodically evaluates and monitors key risks and business processes, thereby suggesting suitable mitigation plans across different locations to maintain the robustness of our systems.

Identification of Major Risks	Detailing of the Risks	Mitigation Plan	Strategic Linkage
Project Execution Risk 	Loss of reputation/market share/margin erosion due to inadequate process framework and monitoring of risks during the project lifecycle.	<ul style="list-style-type: none"> Deployment of robust project management structures across business divisions to monitor and control project execution risks during project lifecycle Multiple controls from proposal to execution stage enable the Company to take timely measures and mitigate potential risks 	SO1, SO2, SO3
Data Governance and Cyber Security Risk 	<p>Inability to identify, classify, document, digitise and archive business-critical knowledge/information to ensure complete, consistent, reliable, and secure corporate data.</p> <p>Adverse impact on Company's operations due to cyber attacks and lack of firewalls, encryption, remote access controls, leading to compromise of confidential data and intellectual property.</p> <p>Inability to continue/recover business operations during any crisis, and/or disaster, with minimal disruption or loss of business.</p>	<ul style="list-style-type: none"> Security awareness is created through training on regular basis. Archiving and purging of unused information is carried out as per the time frame mentioned in the Data Retention Policy Auto-classification of data is being implemented to ensure that every data is classified and treated accordingly, and the same will be completed by June 2022 Identify and access management tool with multi-factor authentication, advanced end-to-end protection, dark-web monitoring, and network DDoS protection implemented. Network isolation / segmentation and air-gap backup of data is underway Servers and databases of all hosted applications are being upgraded, with high availability. Disaster recovery for critical applications is tested. Software compliances with software OEMs are underway Replacement of unsupported softwares are to be completed by the next financial year 	SO1, SO2, SO3
Rise in Commodity Price - Impact to Business 	Impact on the entity's financial performance / profitability due to fluctuations in the prices of commodities, arising due to various reasons such as geopolitical tension.	<ul style="list-style-type: none"> Negotiation with customers for passing the impact of rising commodity prices by increase in price and change in contract terms is under process Input material is being ordered immediately on finalising the contracts with customers. Strategic investment in the ordering of raw material in anticipation of price rise Expanding services and digital portfolio Implementation of cost optimisation project - Agile 	SO1, SO2, SO3

Identification of Major Risks	Detailing of the Risks	Mitigation Plan	Strategic Linkage
Risk of Climate Change 	Impact on business dynamics due to restrictions and increase in compliances on conventional energy.	<ul style="list-style-type: none"> In order to mitigate the effects of climate change in the short, medium, and long-term, we are developing products based on renewable energy, acquiring new technologies, and complying with statutory standards 	SO1, SO2, SO3
People Risk Including Skills and Competencies 	Inability to attract talent and plan succession of people for key positions.	<ul style="list-style-type: none"> Leadership programmes for various positions are being implemented Introduced ESOPs for senior executives Successors for critical roles have been identified, and a flexible ownership-based work environment is created Talent development journey programme for top talents is underway Salary corrections for high performers and bringing them up to the market average are being considered 	SO1, SO2, SO3

Cyber attack

There was a cyber attack on Thermax in November 2021. The ransomware attack affected some of the IT systems; however, the business-critical systems were safe due to their extra secure architecture. Systems were made live in around three days in a phased manner, after containing and isolating the infected systems; and upon ensuring corrective and preventive actions at networks, servers and end user computers. This ensured continuity of the business. Simultaneously, the IT team of Thermax also worked on restoring the data of affected systems from the backup.

Certain new security technologies were implemented to prevent any further possible attacks or loss of business information. The users are kept informed about the facts, status and precautionary measures regarding such incidents.



ENGAGING WITH OUR STAKEHOLDERS

Active and effective engagement with our stakeholders is crucial to us. Robust channels of communication have therefore been established to communicate and understand matters that are of utmost importance to them. This enables us to create shared value and positively contribute to a sustainable society.

Stakeholder Group	Engagement Mechanism	Purpose of Engagement	Key Stakeholder Concerns	Value We Create
Customers 	<ul style="list-style-type: none"> Advertisement campaigns Brochures Company website Customer care Customer meets Customer satisfaction survey Feedback forms Fireside (in-house magazine) Events and exhibitions Mailers Social media Webinars 	<ul style="list-style-type: none"> Update on products, projects and services Feedback to align our solutions, services and operations with customer expectations 	<ul style="list-style-type: none"> Quality Responsiveness Timely project completion Engineering technique 	<ul style="list-style-type: none"> Providing a comprehensive portfolio of products and solutions aligned with their evolving requirements
Employees 	<ul style="list-style-type: none"> Awards Department meetings Surveys Townhalls Trainings Workshops 	<ul style="list-style-type: none"> Employee well-being Functional and soft skill development Structured learning Talent attraction and retention 	<ul style="list-style-type: none"> Career growth Employee benefits Performance management 	<ul style="list-style-type: none"> Creating a safe and attractive workplace where employees learn, unlock their full potential and work passionately to achieve the organisational goal
Vendors and Business Partners 	<ul style="list-style-type: none"> Enquiries via telephone and e-mail Periodic partner meets Publications Supplier surveys Tendering and procurement 	<ul style="list-style-type: none"> Assessment and audit of suppliers Aligning suppliers with environmental and supplier code of conduct Conforming to quality and HSE (Health, Safety and Environment) 	<ul style="list-style-type: none"> Purchase processes Repeat orders Timely payments 	<ul style="list-style-type: none"> Ensuring the safe and secure provision of products and services that meet specific needs

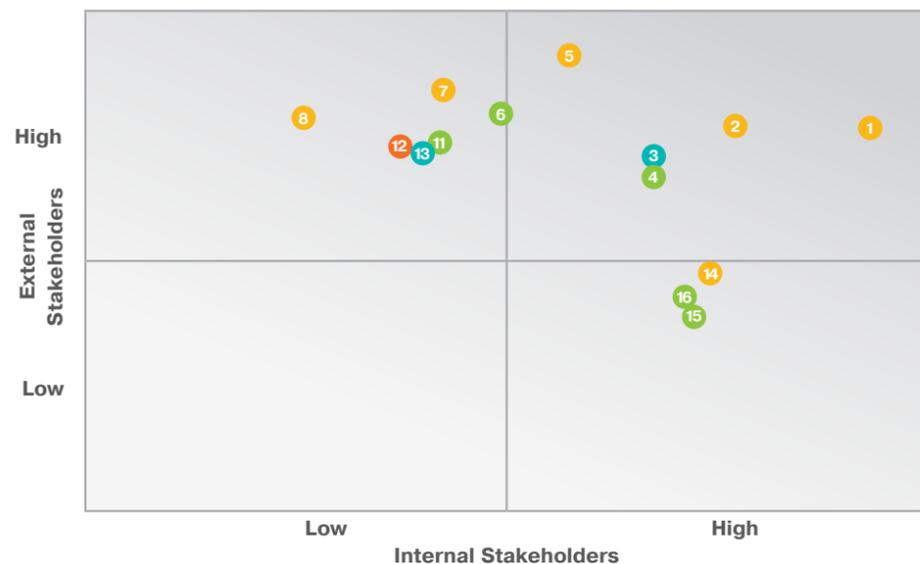
Stakeholder Group	Engagement Mechanism	Purpose of Engagement	Key Stakeholder Concerns	Value We Create
Owners and Shareholders 	<ul style="list-style-type: none"> Annual Report Company website Quarterly calls Investor relationship meetings and AGM Various publications 	<ul style="list-style-type: none"> Continuously elevating corporate value Delivering better returns on investments 	<ul style="list-style-type: none"> Company's financial health Effective risk controls Fair business practices Improved return on investment 	<ul style="list-style-type: none"> Engaging in two-way communication and providing relevant information along with timely and accurate disclosure on performance and strategies
Government Authorities 	<ul style="list-style-type: none"> Activities through business and industry groups Industry associations Participating in policy councils 	<ul style="list-style-type: none"> Building businesses contributing to the development Making mandatory and non-mandatory disclosures 	<ul style="list-style-type: none"> Compliance with regulations CSR reporting ESG performance 	<ul style="list-style-type: none"> Complying with the regulations formulated by the government agencies
Communities and Academic Groups 	<ul style="list-style-type: none"> CSR initiatives Community development Engaging with local authorities 	<ul style="list-style-type: none"> Contributing to the well-being of local communities through social activities Educational initiatives Health and skill development 	<ul style="list-style-type: none"> Creating livelihoods Developing community infrastructure Improving living standards 	<ul style="list-style-type: none"> Empowering local communities through education, creating employment opportunities and enabling sustainable livelihood Starting a worker facilitation centre
Future Generations 				<ul style="list-style-type: none"> Fostering a healthier planet by offering solutions in clean air, clean energy and clean water

ADDRESSING MATERIAL MATTERS

Materiality determination process



Thermax Materiality Matrix



	Material Issues	Measures	Linked KPIs*
Economic	Product performance ³	<ul style="list-style-type: none"> Ensuring equipment reliability Ensuring product performance Product safety Diversifying and scaling businesses 	<ul style="list-style-type: none"> Cumulative no. of equipment with remote monitoring functionality
	Design upgradation and improvement ¹³	<ul style="list-style-type: none"> New designs/products launched Focus on research and innovation 	<ul style="list-style-type: none"> Number of products launched Number of patents applied and granted Number of trademarks registered
SDGs Impacted			<p>➤ For more details, refer to the chapters on Financial Capital, Manufactured Capital and Intellectual Capital on page 30, 34 and 36, respectively.</p>
Environment	Waste management ⁴	<p>For customers:</p> <ul style="list-style-type: none"> Adoption of a new technology for waste management <p>For Thermax:</p> <ul style="list-style-type: none"> Converting waste to value Creating awareness through Thermax Cares initiatives such as conducting monthly webinars on plastic waste disposal and e-waste 	<ul style="list-style-type: none"> Hazardous waste Non-hazardous waste % of waste converted as value Number of awareness events organised
	Climate change related risks ⁶	<ul style="list-style-type: none"> Charting a decarbonisation roadmap 	<p>For customers:</p> <ul style="list-style-type: none"> Environment-friendly vapour absorption cooling <p>For Thermax:</p> <ul style="list-style-type: none"> Capex on carbon footprint reduction related projects Measuring GHG emissions Carbon dioxide emission equivalent savings from various initiatives

*For more details related to linked KPIs, refer to the section on Our Business Model on page 18.

Material Issues	Measures	Linked KPIs*	
Environment	Energy management ¹¹	<p>For customers:</p> <ul style="list-style-type: none"> Introducing new energy management solutions Diversifying and expanding renewable energy portfolio <p>For Thermax:</p> <ul style="list-style-type: none"> Energy mapping and efficiency Increasing renewable energy capacity at the premises 	<ul style="list-style-type: none"> Renewable and non-renewable Energy savings from various initiatives
	Water management ¹⁵	<p>For customers:</p> <ul style="list-style-type: none"> New product/technologies developed <p>For Thermax:</p> <ul style="list-style-type: none"> Water conservation initiatives Monitoring water consumption of domestic plants Water recycling and zero liquid discharge initiatives 	<ul style="list-style-type: none"> No. of new product launches by the Water and Waste Solutions business No. of zero liquid discharge (ZLD) installations within the Company's own facilities Water consumption at all domestic plants Recycled water Rainwater harvested
	Emission management ¹⁶	<p>For customers:</p> <ul style="list-style-type: none"> Emission management technologies <p>For Thermax:</p> <ul style="list-style-type: none"> Environmental compliance at all plants 	<p>For customers:</p> <ul style="list-style-type: none"> Air treated through air pollution control system <p>For Thermax:</p> <ul style="list-style-type: none"> Measurement of non-carbon emission data PM, NOx, SOx, VOCs
SDGs Impacted		<p>➤ For more details, refer to the chapters on Financial Capital, Manufactured Capital, Intellectual Capital and Natural Capital on page 30, 34, 36 and 50, respectively.</p>	
Governance	Compliance and integrity ¹²	<ul style="list-style-type: none"> Adherence to the standards prescribed by certification bodies Diversity and inclusion of the Board 	<ul style="list-style-type: none"> % of gender diversity in the Board

➤ *For more details related to linked KPIs, refer to the section on Our Business Model on page 18.

Material Issues	Measures	Linked KPIs*	
Social	Local employment ¹	<ul style="list-style-type: none"> Promoting local employments around our plant area(s) 	<ul style="list-style-type: none"> Greater than 80% local employment
	Community engagement ²	<ul style="list-style-type: none"> Initiatives under Social Compact Thermax Foundation activities 	<ul style="list-style-type: none"> No. of families directly benefitted through CSR around our manufacturing facilities No. of student beneficiaries of The School Project
	Occupation, health, safety and emergency preparedness ⁵	<ul style="list-style-type: none"> Ensuring safety measures to achieve zero harm Awareness campaigns for health and safety Pursuing excellence in safety processes 	<ul style="list-style-type: none"> Lost time injury frequency rate (LTIFR) Fatality Total recordable incident rate (TRIR) HSE training records No. of OHS audits/inspections
	Talent acquisition and retention ⁷	<ul style="list-style-type: none"> Flexible working policy Talent mobility Training for people development Creating inclusive workplace to attract and retain diverse talent 	<ul style="list-style-type: none"> No. of training man-hours Investment in training and development initiatives Regrettable attrition rate
	Protection of human rights ⁸	<ul style="list-style-type: none"> ASHA Code of conduct for employees and vendors 	<ul style="list-style-type: none"> No. of whistleblower complaints resolved No. of anti-social harassment act complaints received and resolved Training / declaration of compliance from employees
Responsible supply chain management ¹⁴	<ul style="list-style-type: none"> Vendor connect portal to ensure that the vendor fulfils the sustainability criteria Ensuring that all vendors sign the Thermax vendor code of conduct 	<ul style="list-style-type: none"> No. of suppliers trained on sustainability 37% of material sustainably sourced 	
SDGs Impacted		<p>➤ For more details, refer to the chapters on Financial Capital, Human Capital and Social and Relationship Capital on page 30, 40 and 44, respectively.</p>	

➤ *For more details related to linked KPIs, refer to the section on Our Business Model on page 18.



FINANCIAL CAPITAL

At Thermax, our focussed investments in the business supported our key objectives and helped create a business where purpose and profits are aligned. During the year, we propelled our investment proposition forward with an integrated value chain, a multi-sector approach and our talented team. The collective strength of our balance sheet, judicious risk management and an astute focus on cash conservation led us to build a significant cost advantage and deliver strong returns.

Key Highlights of FY 2021-22

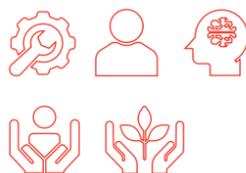
Rs. 31.25 crore
Investment in R&D

Rs. 18.2 crore
Investment in digitalisation

Rs. 26 crore
Investment made in First Energy Private Limited



Interlinkage with Other Capitals



Strategies Impacted

S01 | S02 | S03

SDGs Impacted



Our Financial Capital strategy is aligned towards building a robust balance sheet, maintaining an effective capital structure and minimising risk exposure. This capital has a significant influence on other capitals and is leveraged adequately to gainfully create value. Cash generated, debt and equity financing are utilised to optimise returns from our operations.

Investments in R&D and Green Initiatives

Being set on a journey towards energy transition, we continue to remain focussed on differentiated programmes with innovative outcomes that will create a positive impact on the environment. During the year, we embarked on a number of such initiatives to become a champion in the energy transition space. One such initiative was the setting up of a wholly-owned subsidiary, First Energy Private Limited, through which we endeavour to boost our capabilities in green energy and accelerate our customers' decarbonisation journey.

Digital Future-readiness for a Better Tomorrow

During the year, we further expanded our digital capabilities to build an organisation that drives excellence,

inclusivity and innovation. We acquired 15.16% stake in ExactSpace, which provides artificial intelligence (AI) and internet of things (IoT) solutions in the energy market. Its proven expertise will help us deliver superior customer support and increase our share of service offerings. Investment in ThermaxNXT, a transformation project for scaling up identified businesses, has witnessed growth. DnA Garage, an initiative under ThermaxNXT, launched the Dealer Management System, Sales Portal and Customer Portal (Thermax Edge).

Decentralising Finance Processes

Ushering in another transformational change, we launched Thermax Finance Services (TFS) to decentralise our finance processes and deliver better business support. Digitalisation of processes is targeted towards

inculcating cost efficiency, productivity and scalability, and deriving business benefits. TFS has strengthened our ability to respond to internal and external customers across all our 22 domestic business set-ups.

Key benefits include:

- Faster processing of vendor bills as per the defined timeline
 - Help desk to address queries
 - Discounting programmes for early cash flows
- For more details, refer to the chapter on Intellectual Capital on page 36.

Other Financial Highlights

The Board recommended a dividend of Rs. 9 per share for FY 2021-22, demonstrating our commitment to return the value created to our shareholders.

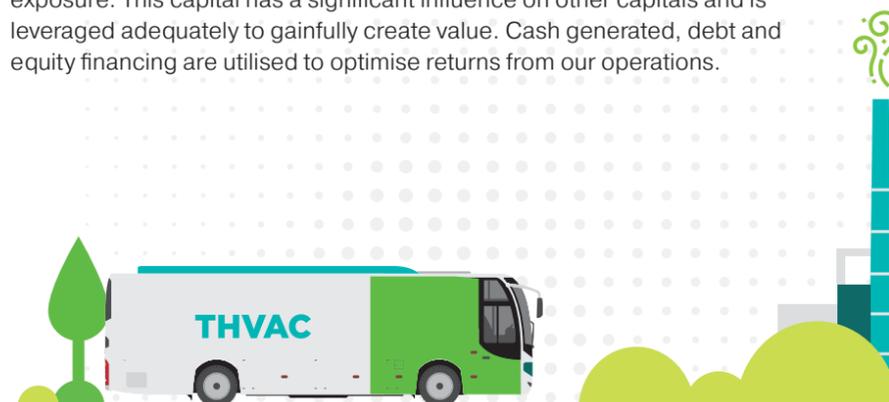
Other Initiatives Include:

- Coal gasification
- Commercialisation of T-HVAC
- Flexible solar PV films
- Energy storage
- Green hydrogen

➤ For more details, refer to the chapter on Intellectual Capital on page 36.

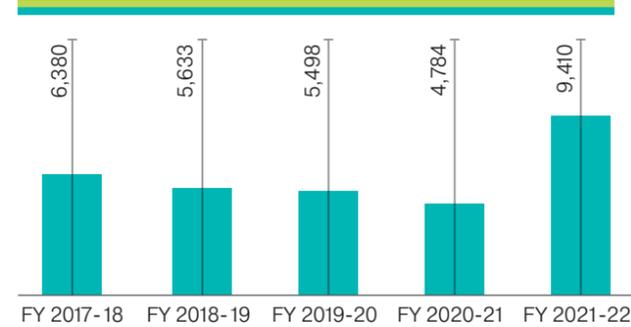


Hon'ble Dr. V K Saraswat, member of NITI Aayog, inaugurates the Indian high ash coal gasification facility for methanol production, a collaborative project of Thermax and IIT Delhi

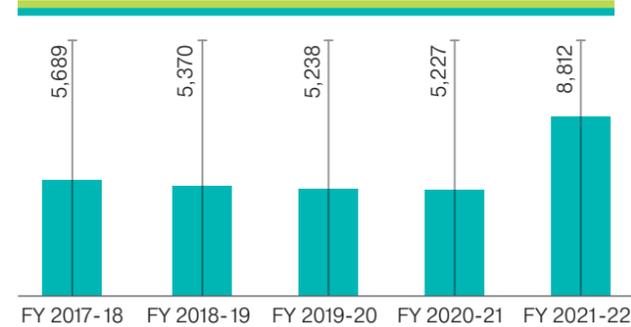


Key Financial Indices Thermax Group

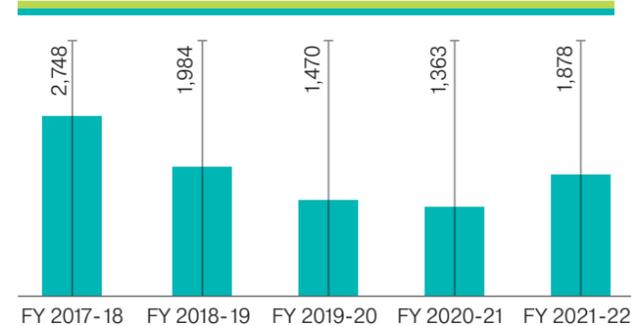
Order Booking (Rs. in crore)



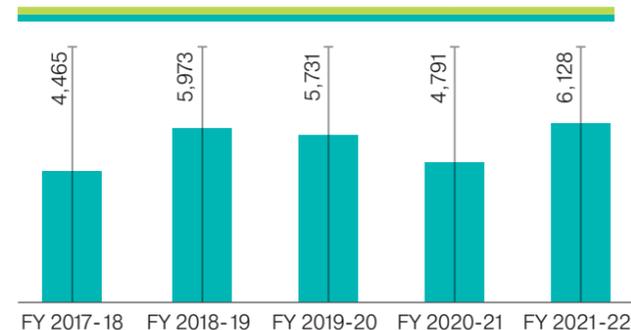
Order Balance (Rs. in crore)



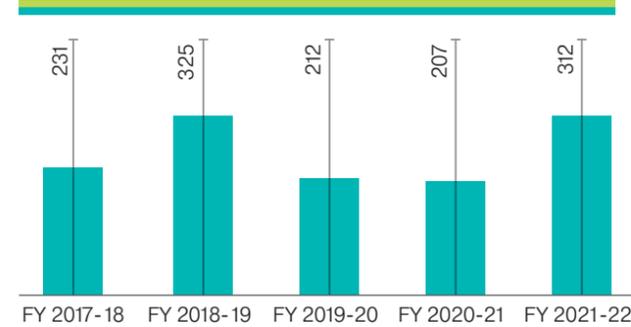
International Order Booking (Rs. in crore)



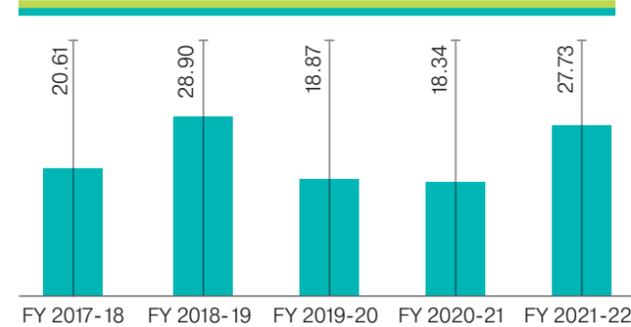
Revenue from Operations (Excluding Excise Duty/GST) (Rs. in crore)



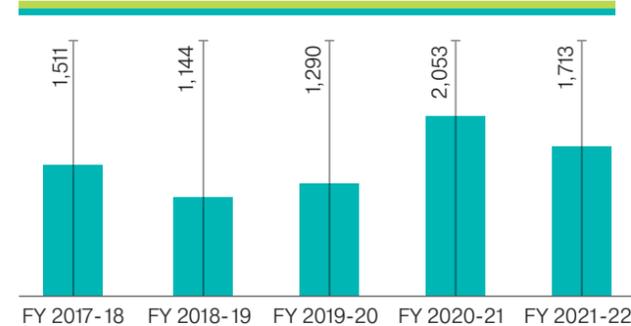
Profit After Tax (Rs. in crore)



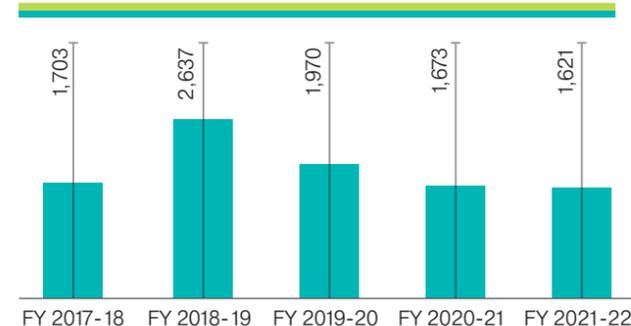
Earnings Per Share (EPS) (Rs.)



Cash and Cash Equivalent (Including Current Investments) (Rs. in crore)



International Revenue (Rs. in crore)



Financials at a Glance Thermax Group

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16#	2014-15	2013-14	2012-13
Domestic Sales (Excluding Excise Duty)	4,443	3,037	3,685	3,249	2,668	2,813	3,210	3,618	3,199	3,898
International Sales/Business	1,621	1,673	1,970	2,637	1,703	1,573	1,859	1,624	1,758	1,468
% to Total Sales	27%	36%	35%	45%	39%	36%	37%	31%	35%	27%
Total Sales	6,064	4,710	5,655	5,886	4,371	4,386	5,069	5,242	4,957	5,366
Growth	29%	(17%)	(4%)	35%	0%	(13%)	(3%)	6%	(8%)	(9%)
Other Operating Income	64	81	76	87	94	97	76	62	72	59
Revenue from Operation	6,128	4,791	5,731	5,973	4,465	4,483	5,145	5,304	5,028	5,425
Other Income	127	108	100	150	116	114	122	123	72	85
Total Income	6,255	4,899	5,831	6,123	4,581	4,597	5,267	5,427	5,100	5,510
Total Expenses	5,707	4,435	5,324	5,516	4,064	4,049	4,716	4,843	4,592	4,935
Profit Before Depreciation, Interest, Extraordinary Items and Tax	548	464	507	607	517	548	551	584	508	575
(% to Total Income)	9%	9%	9%	10%	11%	12%	10%	11%	10%	10%
Depreciation	113	115	117	92	82	82	72	134	92	77
Interest	25	21	15	14	13	10	12	82	27	17
Exceptional Items of Expenses	-	53	-	90	0	18	0	49	0	0
Profit Before Tax	410	275	375	411	422	438	467	319	389	481
(% to Total Income)	7%	6%	6%	7%	9%	10%	9%	6%	8%	9%
Tax	98	69	162	85	166	156	144	171	169	177
Profit After Tax before Non Controlling Interest and Share In Loss of Associate and Joint Venture	312	206	212	326	256	282	323	148	220	304
Share in Joint Venture/Associates Loss	0	0	0	(1)	(25)	(66)	(41)	NA	NA	NA
Minority Interest	-	NA	NA	NA	NA	NA	NA	(62)	(26)	(16)
Profit After Tax After Minority and Share in an Associate's Loss	312	206	212	325	231	216	282	210	246	320
Other Comprehensive Income	8	17	(9)	(22)	27	(19)	22	NA	NA	NA
Total Comprehensive Income Attributable to	320	223	204	304	258	197	304	NA	NA	NA
Equity Holders of the Parent	312	223	204	304	259	204	304	NA	NA	NA
Non Controlling Interest	-	-	-	-	(1)	(7)	-	NA	NA	NA
Gross Block	2,396	2,352	2,255	2,236	1,741	1,515	1,438	2,051	2,044	1,296
Net Block	1,239	1,266	1,339	1,352	1,076	952	887	1,474	1,580	1,390
Investments	1,470	234	875	829	1,472	1,083	1,050	822	708	443
Current Assets	4,738	4,466	3,977	4,737	4,102	3,297	3,610	4,185	4,125	3,287
Current Liabilities	3,758	3,071	2,787	3,654	3,079	2,365	2,615	3,274	2,999	2,509
Net Current Assets	980	1,395	1,190	1,083	1,023	932	995	911	1,126	778
Capital Employed	3,553	3,273	3,061	3,050	2,768	2,585	2,450	2,719	2,695	2,362
Equity Share Capital	23	23	23	23	23	23	23	24	24	24
Reserves and Surplus	3,469	3,228	3,005	2,992	2,692	2,515	2,393	2,123	2,014	1,845
Net Worth	3,492	3,251	3,028	3,015	2,715	2,538	2,416	2,147	2,038	1,869
Minority Interest	-	-	-	-	-	1	-	78	140	110
Loan Funds (Long Term)	61	22	33	35	53	46	34	494	517	383
Fixed Asset Turnover Ratio	4.89	3.72	4.23	4.35	4.06	4.61	5.71	3.56	3.14	3.86
Working Capital Turnover Ratio	6.19	3.38	4.75	5.43	4.28	4.71	5.10	5.75	4.40	6.90
Current Ratio	1.26	1.45	1.43	1.30	1.33	1.39	1.38	1.28	1.38	1.31
Return on Capital Employed	12%	11%	13%	14%	15%	15%	18%	15%	15%	21%
Return on Net Worth	9%	6%	7%	11%	9%	9%	12%	10%	12%	17%
Cash Earnings Per Share (Rs.)	37.74	28.50	29.30	37.06	27.93	27.08	31.48	28.86	28.38	33.33
Earnings Per Share (Rs.)	27.73	18.34	18.87	28.90	20.61	19.80	25.07	17.61	20.64	26.87
Dividend	450%	350%	350%*	350%	300%	300%	300%	350%	300%	350%
Book Value Per Share (Rs.)	310	289	269	268	241	225	215	180	171	157

Figures have been reclassified as per Indian Accounting Standards ("IND AS") as prescribed by Ministry of Corporate Affairs

* It is the interim dividend paid to shareholders



MANUFACTURED CAPITAL

Our tech-enabled manufacturing assets contribute to our operational efficiency and continued growth. As a result, we are able to engineer high-value and sustainable solutions for our customers. To create long-term value for the stakeholders, we have optimised our facilities further and made our manufacturing even more sustainable and safer during the year. With our advanced facilities, we are today the leading provider of clean air, clean energy, and clean water solutions across industries.

Key Highlights of FY 2021-22

26,022 MT

Total chemicals manufactured

1,15,771 NTR

Environment-friendly vapour absorption cooling

248.7 MLD

Water treated and recycled

4,058 GwH

Power generated through assets operated and maintained for customers

73.16 million m³/hour

Air treated through air pollution control system

4,061 MWth

Heating solutions - quantity of heating done



Interlinkage with Other Capitals



SDGs Impacted



Strategies Impacted

S01 S02 S03

Our Manufactured Capital Encompasses

- 14 state-of-the-art facilities in Maharashtra, Gujarat and Andhra Pradesh in India; and in Denmark, Poland, Germany and Indonesia internationally
- Our facilities comply with ISO 45001 and ISO 14001 and are certified by agencies like Lloyds, Bureau Veritas, SGS and TUV
- Regular audits and adherence to safety procedures keep our manufacturing facilities safe
- We manufacture as per the international standards of ASME, BS, DIN, GOST, API, and CE, besides following the IBR Code in India

Making Manufacturing More Sustainable

We leverage our manufacturing capital to meet the growing expectations of our customers in quality, safety

and delivery, and ensure operational excellence. Our manufacturing facilities offer solutions in energy, environment and chemicals segments and the products and services are tailored to the evolving needs and preferences of the customers. With our competency in manufacturing, we are able to address the growing markets in the East and West by offering the following solutions:

- Upgrading existing capacities
- Offering services based on industrial internet of things (IIoT)
- Deploying advanced technologies, such as modularisation
- Supporting customers with utility needs for greenfield facilities

Towards Process Optimisation

During the year, we leveraged automation and digital tools at some of our factories. With this, our aim is to capture relevant information for

process optimisation and maintain quality consistency.

Operational Performance

- Operationalised phase 2 of our chemical plant in Dahej, with capacity having been ramped up to 20,000 m³
- Our chemical factory at Jhagadia achieved the highest production volume of 670 MT for construction chemicals and 1,145 MT for polypropylene glycol (PPG) during the months of September and December 2021, respectively
- Capacity utilisation for the Heating business increased to 90% at our manufacturing unit
- The Heating manufacturing unit at Savli in Gujarat generated 2 lakh man-hours in the fourth quarter of FY 2021-22

Case Study

TBWES Commissioned the First State-of-the-Art Triple Travelling Grate Boiler

Travelling grate technology is used for burning a variety of biomass and coal. TBWES, a leading provider of single and twin grate boilers of 15+ feet and 35+ feet respectively, up to capacities of 200 TPH, received an opportunity from a customer in Columbia to develop a single higher capacity multi-fuel fired triple travelling grate boiler.

With vast experience in process engineering and design capabilities, Thermax could build a 250 TPH boiler as tall as 50+ feet in-house, with a focus on standardisation, interchangeability, sealing, cost competitiveness and simplicity without compromising on quality. Based on the customer's requirement, the boiler has been designed to combust bagasse as well as coal.

This newly developed boiler eliminates the need for multiple boilers of low capacity and can be extended to 'quadruple grate'. In addition, it leads to lower capital, operating, and maintenance costs.



250 TPH boiler installed for a customer in Columbia



INTELLECTUAL CAPITAL

The cumulative value of our Intellectual Capital has improved over the years. The capital refers to our knowledge base as well as patents, copyrights, licenses, systems, software, and procedures, along with our R&D policies. Based on our evolving business strategy, we are constantly strengthening this capital by inculcating business model innovations and R&D, which support the development of our products and technological processes.

Key Highlights of FY 2021-22

New Product Launches

CuBe, Revomax Nxt, FlexiSource

Digitalisation

Sales Portal, Thermax Edge, Dealer Management System

Interlinkage with Other Capitals



Strategies Impacted

S01 | S02 | S03



SDGs Impacted



We are harnessing our Intellectual Capital by investing in advanced and disruptive technologies to create sustainable solutions for a better tomorrow. Our investment in smart technologies is aimed at enhancing the existing business delivery. We are building our innovation capabilities through our Research, Technology and Innovation Centre (RTIC), with a talented team of 137 R&D engineers and scientists. We aim to work on new, world-class technologies to improve resource productivity, while our multi-sectoral technical prowess helps customers cut down on carbon and water footprint.

Clean Technology for a Greener Planet

i. T-HVAC

We subscribe to a greener and cleaner environment by propelling medium and heavy commercial vehicles to become more fuel-efficient. Developed by the RTIC team, the unequalled T-HVAC (Thermal Heating, Ventilation and Air Conditioning), a waste heat recovery product for the automobile sector, aims to deliver 5-8% fuel savings.

Globally, on-road testing and performance benefit analysis were done on the bus of a major European OEM. Recently, a 32 kW capacity T-HVAC unit was installed on a popular bus model, in conjunction with one

of India's leading commercial vehicle OEMs. Further, we are working towards the development of a commercially ready-to-use product, ensuring faster adoption of the advanced technology.

ii. CDI Technology for Water Treatment

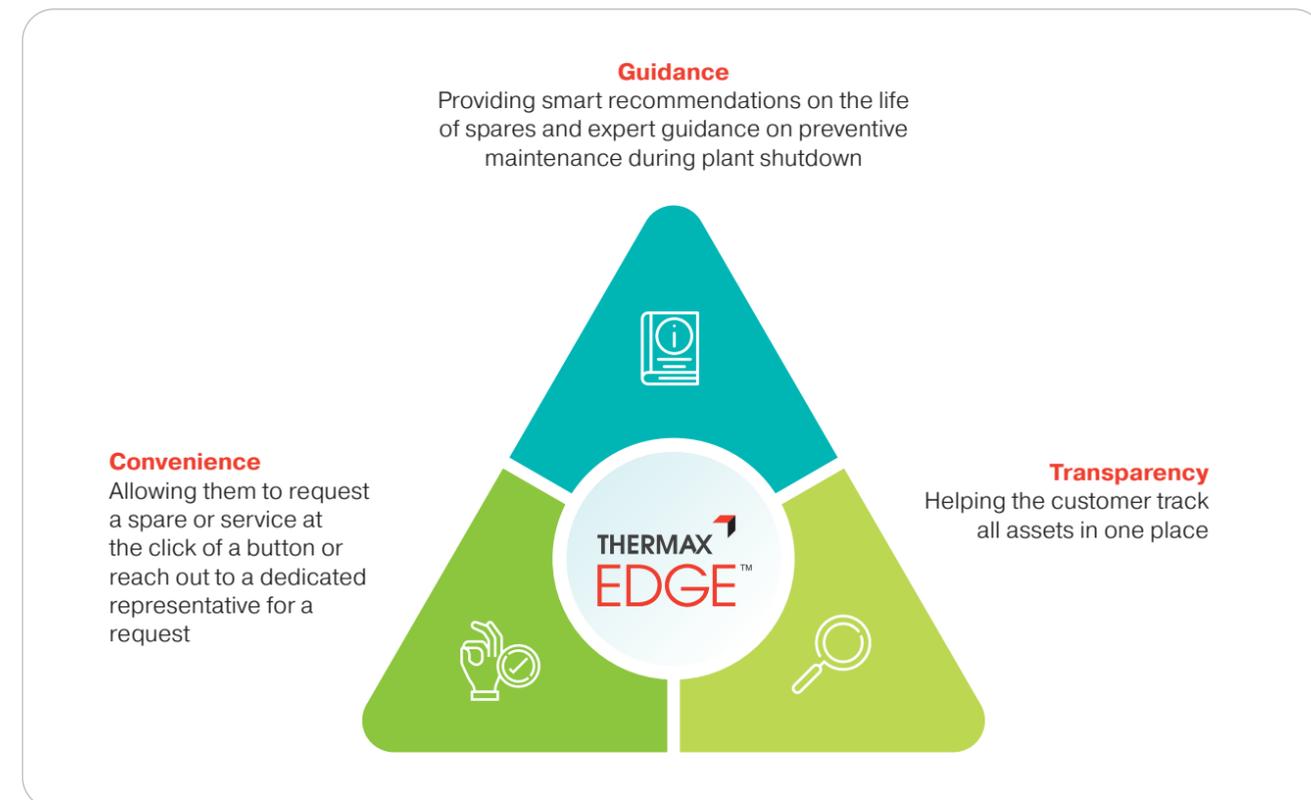
The capacitive deionisation (CDI) technology is a substitute for reverse osmosis (RO) in the process of treating drinking water. This helps to generate three times lower reject water than RO. The treatment also ensures that vital salts like calcium, magnesium and zinc are not removed from water. Further, energy consumption is also reduced by 30%. As on date, field trials of five units stand completed, and the commercialisation activity is underway.

Digitalisation for a Better Tomorrow

At Thermax, we have set up a digital and analytics (DnA) garage to conceive and implement a set of solutions to leverage digitalisation with a keen focus on customer processes.

i. Thermax Edge

This is a customised platform which specialises in bringing the breadth of our services to the fingertips of customers. The portal's uncluttered landing page provides all the information in one place, such as installations, asset lifecycle and order history. Thermax Edge has been built on three key cornerstones with the customer in mind.



ii. Sales Portal



iii. Dealer Management System (DMS)

DMS is a platform for our channel associates to simplify processes.

Integrated with channel partners' Tally and other accounting system and customised to suit business needs

Integrated with Oracle and SAP ERPs to align despatches and product sale with DMS

Integrated with a custom-balanced scorecard solution to provide channel partners with specific rating and a detailed performance scorecard

Enhancing Digital Presence

i. FEPL website and social media pages

We constructed an exclusive website for our wholly-owned subsidiary, First Energy Private Limited, to connect with customers and understand their requirements in a better way. We also leveraged the social media platform and created LinkedIn, Facebook and Twitter pages to provide the customers and readers with regular updates and a comprehensive overview of our renewable energy offerings.

For more details, click here or scan the QR code.



ii. Campaign on #ThermaxForABetter Tomorrow

Human pressure on the environment has soared. Ecosystems, the fabric of life on which we all depend, are declining rapidly because of human actions. Hence, the risks posed by climate change have been demanding greater industrial sustainability. As an energy and environment solutions provider, we have a significant role to play in addressing these existential threats and building a more sustainable and hopeful future. With this sustainability campaign, we aim to spread awareness on environmental sensitivity and the need for sustainable solutions to conserve natural resources and align them with our brand promise of 'Conserving Resources, Preserving the Future'.

For more details, click here or scan the QR code.



iii. Campaign on #ZeroWeGo

Through #ZeroWeGo, our move towards reviving a healthier and greener world begins with the fundamental aspect of reduced emissions. As a thought leader of sustainability and energy savings, Thermax intends to inspire and encourage industries to incorporate zero-emission solutions, such as the vapour absorption machine (VAM), to realise their net zero dream. Its major goal is to position absorption cooling as a viable candidate for industries and commercial complexes' cooling requirements.

For more details, click here or scan the QR code.



iv. YouTube Revamp

The digital space of today is dynamic with search engine updates, website trends, new and evolving features and functionalities. To stay abreast with the latest trends, our Company's YouTube channel has been revamped to provide a seamless experience to the users. The YouTube channel showcases new product launches, product videos, leadership talks, Life at Thermax and news features.

For more details, click here or scan the QR code.



Advanced Technologies for a Better Tomorrow

i. CuBe

The Water and Waste Solutions division launched CuBe, a completely modularised and aesthetically appealing sewage treatment plant. This is a pre-fabricated and pre-assembled sequential batch reactor with completely automated features. The product is available in 10, 20, 30 and 50 KLD capacities, turning it into a perfect solution for commercial and residential segments.

For more details, click here or scan the QR code.



ii. Revomax Nxt

Revomax Nxt is an efficient instant steam generator preferred by various process industries. It has been geared up with higher system efficiency and improved dryness fraction to elevate its performance for customers' processes through world-class aesthetics and ergonomic design.

For more details, click here or scan the QR code.



iii. Gasification

India has one of the highest coal reserves in the world, most of which is high ash coal. The utilisation of Indian coal through the gasification route is a promising way of achieving India's energy security. The flue gas (commonly known as Syngas) produced from coal can be utilised to indigenously produce fuels like ethanol, methanol and various downstream chemicals. Hence, Indian coal can substitute import of crude oil in the future. At Thermax, we have taken strenuous efforts for over a decade to develop the most appropriate coal gasification technology suitable for high-ash Indian coal. Multiple pilot-scale gasifier projects have been conceptualised, designed and installed in collaboration with IIT Delhi. At Thermax, we are all geared to demonstrate our gasification technology at a commercial scale.

Thermax Finance Services (TFS)

Thermax Finance Services (TFS) changed the financial transaction processing of all the domestic group companies, bringing about a significant transformation in the Company's finance division.

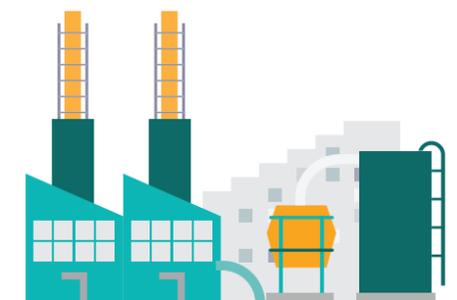
For more details, refer to the chapter on Financial Capital on page 30.



iv. FlexiSource

The world's commitment towards net-zero is leading to an increased demand for adaptive changes towards decarbonisation. Thermax Babcock & Wilcox Energy Solutions Limited (TBWES) launched FlexiSource, which can efficiently combust multi-waste fuels and provide high flexibility to customers, thereby achieving high efficiency.

For more details, click here or scan the QR code.



HUMAN CAPITAL

Our people are at the core of our long-term success. At Thermax, we understand the importance of motivated employees in achieving our goals of creating high-quality products and providing efficient customer service. We constantly strive to become more inclusive and create an enabling work environment – one that nurtures a healthy organisation, encourages continuous learning, and ensures a safe workplace.

Key Highlights of FY 2021-22

3,758

Total number of permanent employees of Thermax Group (including subsidiaries and excluding workmen)

46,226

No. of training man-hours



Interlinkage with Other Capitals



Strategies Impacted

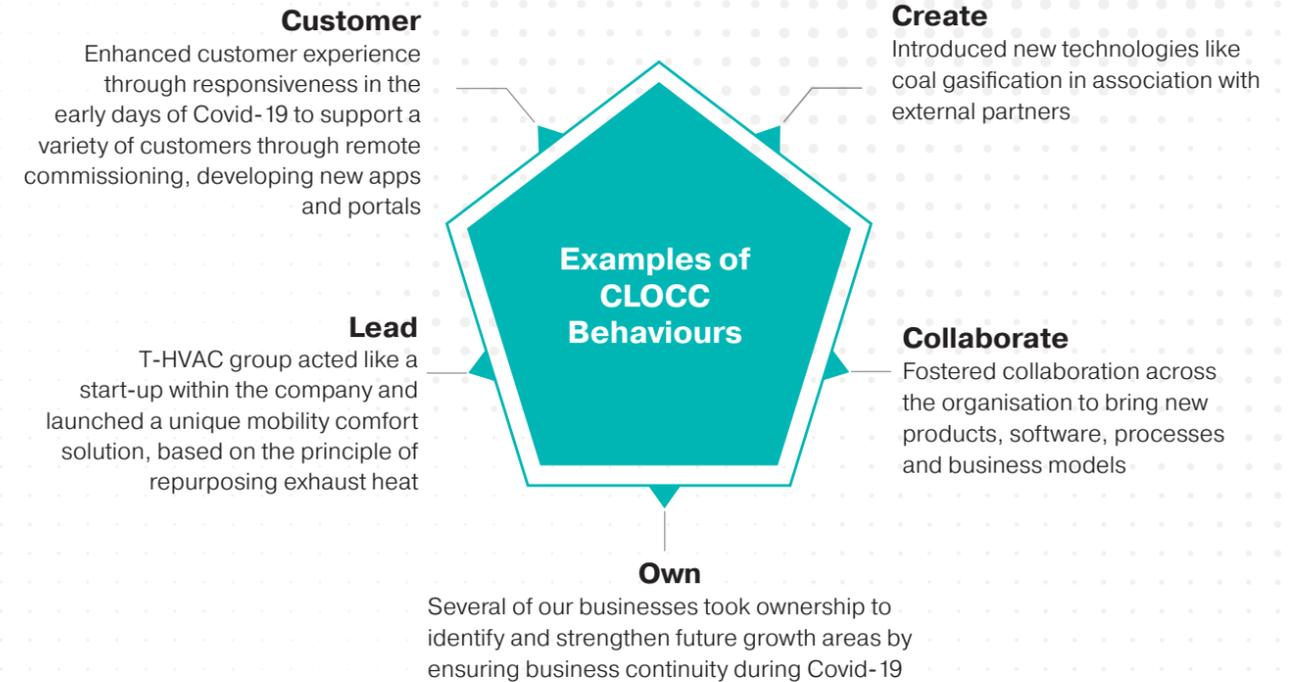
S01 | S02 | S03

SDGs Impacted



Thermax Performance Management System

At Thermax, we understand the need to stay agile by reinventing ourselves continually. We reimaged our performance management system and made it more dynamic and meaningful – right from goal-setting to performance-related conversations to incentives and rewards. At Thermax, performance evaluation is intertwined with behaviours. As continuous listening forms the core of our organisation, we introduced an assessment of Customer, Lead, Own, Create and Collaborate (CLOCC) behaviours for our employees. Through CLOCC behaviours, our aim is to nurture a human organisation built on human values. We would like to see these behaviours unfold in the work we do each day and become an integral part of the performance management system.



Nurturing a Culture of Health and Safety

In a powerful shift towards an outcome-based work environment, we introduced a flexible work policy, which helps employees focus on the output, rather than the number of hours, building a culture of accountability. Further, with the hybrid work model posing challenges to physical and mental health, sessions were conducted to create awareness on the dynamics of the new work model and methods of mitigating its adverse effects. Harnessing the power of conversations, we organised sessions on mental health awareness, discussing various issues faced commonly. We also enabled employees working from home to

practice pranayam and meditation. To help them manage the health of their families, we introduced two key apps – Practo and Santulan.

In another key initiative, the National Safety Week was celebrated at all our locations and customer sites. Themed 'Nurture Young Minds, Develop Safety Culture', this was aimed at assisting people in performing the routine activities safely without any accidents and integrating occupational safety and health in the work culture. Employees, workmen, third-party staff and contractual workers participated in various activities across locations.

Preventing Covid-19

To provide full-fledged support in bringing down Covid-19 infections across the country, we ran a massive vaccination drive from March 2021 to April 2022. All our employees, including temporary staff at offices, plants and customer sites, were covered as a part of the drive. Through effective communication and engagement activities, we conducted sessions on increasing awareness on the spread of the pandemic.

7,000

Number of employees, contractors and family members vaccinated

12

Vaccination drives conducted across factories and sites

Attrition

We, at Thermax, believe that while we continue to hire new talent, it's equally important to retain the talent. With the resignation wave across India, our attrition is close to 13.9% for FY 2021-22. Since September 2021, trends have slowed, and some of the

actions we have taken to retain critical talent have shown good results.

As of earlier this year, we corrected the salaries of 140 employees, and we plan to continue to do so further. To ensure we hire faster than attrition trends, we have set up a central staffing team

to improve the quality and speed of hiring. Following Covid-19, we have also implemented policies such as flexible working and are exploring ways of how our offices can transform into collaboration zones.

Cultivating Talent

Thermax offers a wide range of programmes for high-potential employees and well-established leadership trainings, ensuring benefits of all initiatives are maximised. Additional learning and development initiatives included coaching programmes held by externally certified consultants.

Programme	About the Programme	Outcome/Topics Covered
ASHA (Anti-sexual Harassment Awareness)	<ul style="list-style-type: none"> Compliance training conducted in December 2021 Attended by 449 employees 	<ul style="list-style-type: none"> Sexual harassment at the workplace Latest laws in India Differentiation between casual and sexual comments Impact vs intent Complaint redressal mechanism
ACE	<ul style="list-style-type: none"> Aimed at developing managerial skills in employees transitioned from an individual contributor to a team leader role 	<ul style="list-style-type: none"> Change management Managerial essentials Driving performance Developing team
Honeycomb - Thermax Project Management Certification	<ul style="list-style-type: none"> First-ever certification programme conducted under Honeycomb Over 200+ functional modules designed with the help of 100+ small and medium enterprises 150+ people trained to conduct trainings on these modules and provide certification 	<ul style="list-style-type: none"> 2,000 learning hours completed in FY 2021-22 10 modules from Honeycomb project management cluster along with pre and post assessment 18 participants from Environment Business Unit (EBU) certified
I Grow	<ul style="list-style-type: none"> Aimed to build and develop personal effectiveness arising out of appraisal cycle and potential assessment of fixed term contract Identifying the gaps and development / enhancement to make employees future-ready to take on higher roles and responsibilities within functions The programme is conducted at three levels – I Grow, I Grow+ and I Excel 	<ul style="list-style-type: none"> Helps participants in managing: <ul style="list-style-type: none"> productivity and performance self and ecosystem stakeholder relationships Intervention launched for individual contributor to accelerate the learning journey

Programme	About the Programme	Outcome/Topics Covered
Station Manager Capability Development Programme	<ul style="list-style-type: none"> To enhance participants' skills to drive performance, productivity and safety To share experiences of SMEs, managers as coaches to bring different perspectives and handle critical situations To leverage technical and behavioural competencies to perform better, ring-fence customers and create win-win situations 	<ul style="list-style-type: none"> Sessions were organised with managers and coaches on awareness of learning tools, course coverage and coaching essentials HR to ensure that learning is a part of the process Application of Learning (AOL) was enforced through structured tools, integration into the process, and review by business The programme is designed with pre and post assessment to handle work complexities, technology and safety & compliance
Scale Up	<ul style="list-style-type: none"> In-house sales training 	<ul style="list-style-type: none"> Training on sales management cycle conducted for five divisions in six batches; one batch of eight sessions for sales managers conducted for the sustenance of training learnings <ul style="list-style-type: none"> 48 sessions of sales management cycle completed 148 sales engineers and managers completed the training
Managerial Development Programme	<ul style="list-style-type: none"> A programme for middle-level managers to build managerial capability and ability to drive performance and groom team members 	<ul style="list-style-type: none"> Conducted for 40 managers of the Heating division with two batches running simultaneously A total of 12 sessions conducted in four months, with assignments embedded

Diversity and Inclusion

It is important for every organisation to create a high-trust, diverse and inclusive workplace where everyone feels equally involved. At Thermax, we are committed to create an organisation which nurtures talent and enterprise of people, helping them grow and find fulfilment in an open culture. We have introduced various forums and initiatives to manage the emotional well-being of employees. 'Sakhi' is one such all-women forum which promotes an inclusive workplace for women

employees. It works to connect their interests, enhance learning and networking opportunities, provide an environment for growth and development and help them emerge as potential leaders.

Thermax is working towards the creation of an inclusive society and altering the narrative on disability. We understand the need for organisations to embrace compassionate capitalism and harness the untapped potential

among the specially-abled. To extend this vision of inclusivity, we hired four specially-abled individuals at the Sri City plant as apprentices who were made to undergo relevant training. These employees have been well-accepted at the plant and have received immense support from their colleagues. They have also attained a great sense of pride for having become financially independent and also providing adequate support to their families.



SOCIAL AND RELATIONSHIP CAPITAL

Being a customer-centric company, our constant endeavour is to maximise our social impact by being more responsive and solution-focussed. As we work towards a better tomorrow, maintaining enduring relationships with all our stakeholders is integral to us. We strive to understand the needs of all our stakeholders, create synergies between them and drive change in the purview of their needs and wants.

Key Highlights of FY 2021-22

3,150

No. of student beneficiaries of The School Project

98.3%

Customer complaints resolved

Interlinkage with Other Capitals



Strategies Impacted

S01 | S02 | S03



SDGs Impacted



SOCIAL CAPITAL

Communities

The CSR initiatives are driven through Thermax Foundation, with the key focus on facilitating quality education to children from under-served sections of the society, empowering them to transform their lives. Thermax believes that education is the biggest leveller and every child, irrespective of the economic background of the family, should receive quality education that will help transcend the vicious cycle of poverty. Additionally, for the factory locations, need-based support is provided in partnership with credible NGOs.

Our holistic community development approach is aimed at bringing about transformation in people's lives, and in the process, moving towards a better tomorrow and promoting sustainable growth.

Projects Under Thermax Foundation: Towards Sustainable Communities

i. The School Project and Alumni Project

The School Project

Thermax Foundation supports two Akanksha Foundation schools in Pune through a public-private partnership mode. TF also supports the Akanksha Foundation alumni, to enable handholding and guidance to pursue higher education and provide career guidance. During the year, Thermax Foundation funded the schools – K.C. Thackeray Vidya Niketan (KCTVN) English Medium School and Savitri Bai Phule (SBP) English Medium School. It utilised innovative ways to continue learning online almost all through the academic year.

Some good practices adopted across all Akanksha schools included teacher training on socio-emotional ethical (SEE) learning skills, distribution of stationery kits to students, Junior KG admissions through lottery system, digital literacy workshops and vaccination drive for parents in the community.

A third-party assessment conducted for the school project by Deloitte revealed that in addition to the academic focus, in pandemic times, the professional development of teachers continued, and several community connect platforms were fostered. There were regular School Management Committee (SMC) meetings, parent-teacher meetings and community engagement activities for parents of children enrolled across both schools.

Innovative methods like flip classrooms to engage students in learning have been introduced.

Extracurricular programmes continued with a focus on art, craft, sports, online celebration of special days, annual events, competitions, and other activities which provide children with an opportunity to express and learn skills beyond academics.

Akanksha Alumni Project

The alumni programme has evolved to provide career pathways to students once they graduate from an Akanksha school. Interest-based pathways, is the backbone of the programme design which enables students to get access and knowledge of career options post grade 10, grade 12 and even graduation. Thermax Foundation supports the alumni from six Akanksha schools. They engage in activities like career guidance, mentoring support and counselling. Akanksha Foundation also provides

relevant vocational training to alumni on alternate careers. The 'building a community connect' pillar within the alumni programme integrated students on various connect platforms such as the Almashine alumni portal and batch-wise WhatsApp groups. These are dedicated platforms to provide an opportunity for alumni to come together, share experiences and learnings, and get motivated by each other's success and progress. The alumni, through the portal, can also get an update on various events and careers to further access higher pathways.

In FY 2021-22, 10% of alumni, post SSC, joined vocation-based courses and vocational skilling through skill-based organisations. The most preferred courses were electronics, child and healthcare services, medical



Learning through visualisation for a better tomorrow

lab technician, accounts and office management. Others joined FYJC for commerce, science and arts stream. Going forward, the idea is that we bring in successful alumni, both in vocations and graduates, to talk to kids and let them decide their future, based on the student's aptitude and strengths.

Among the students who opted for United World Colleges (UWC), two

have been selected for UWC Mahindra, India and Tanzania.

ii. iTeach Alumni Support Wing (ASW) Project

TF supports 400 alumni from Teach For India (TFI) through the iTeach alumni support wing programme under which they help low income private schools for enrolment in junior college till they complete 12th standard. 97% of

the students joined reputed junior colleges. For the 220 studying in 12th standard, career guidance, academic mentoring and internships extended by iTeach are planned.

From the FY 2021-22 cohort presently in 12th standard, three students have been selected in Krea University and three have been selected in Azim Premji University.

iii. CSR at Factory Locations

Location	Project	About the Project	Outcomes
Savli	Pragati (Welding Training)	Thermax Foundation has partnered with NGO Lokbharati to conduct skill building training for the youth in the community (could even be X th class fail) near Thermax factories at Savli. Based on the need for welders at the factories in the vicinity, 125 individuals were trained.	To ensure practical exposure, factory visits and safety training were organised for welding trainees. Basic training on financial planning and soft skills were also a part of the programme. All the candidates completed National Council for Vocational Training (NCVT) certification and 80% were placed and the status of each candidate's placement is being monitored. Though the local youth is trained for the skill based on the needs of recruiters in the area, this isn't adequate. Month-wise retention data reveals that after three or four months, almost 50% candidates leave the job. Since many companies offer vocational courses to the youth free of charge, they attend the programmes even if they lack interest in the vocation offered. As a corrective measure, it is being decided that for the subsequent batches in FY 2022-23, aptitude tests in vernacular language will be conducted at the time of sourcing the candidates to identify the career options best suited. Accordingly, the batches will be decided for technical and non-technical vocational courses.
Savli	Manavseva	To ensure the reach and facilitation of government schemes for the entitled beneficiaries from under-served families, Thermax Foundation has initiated the Manavseva programme for communities near Savli factory location.	Through this service, over 280 individuals received Aadhaar cards, Ration cards, Covid-19 death compensation, certificate of income and certificate of backward class during the year. 23 people received old age pensions and 41 women received widow pensions. Post Covid-19, seed capital support of Rs. 25,000 each was received by eight individuals under the Manav Garima scheme to support their small businesses.

Location	Project	About the Project	Outcomes
Jhagadia and Dahej	Attendant Operator Chemical Plant (AOCP)	Thermax Foundation has partnered with NGO Lokbharati to conduct skill building for the youth in the community near Thermax factories at Jhagadia and Dahej. Among the other skills required by recruiters, AOCP trade is sought in a majority of chemical factories in the vicinity.	In FY 2021-22, 120 candidates were trained. To ensure practical exposure, factory visits and safety training were organised for AOCP trainees. Basic training in financial planning and soft skills was also a part of the programme. In addition, at Jagadia, as a pilot, one batch of 40 women candidates completed data entry operator training. While 80% of candidates have been placed in companies in the vicinity, the status of retention tracked revealed a number of dropouts. Therefore, for subsequent batches, an aptitude test will be done for more appropriate skilling and placement.
Solapur	Watershed Project	Thermax Foundation has been working with the NGO Manavlok in water deficit villages near the Thermax factory at Solapur. The villages faced acute water shortage due to scanty rainfall and hence this project is to facilitate stream widening and watershed activities. The project involves the ownership and accountability of villagers.	After the successful work of stream widening at Ranmasale village, in FY 2021-22, villagers from Mohitewadi, Darphal and Wangi had approached Thermax Foundation to help in desilting and river rejuvenation. Initially, the machine work was delayed due to excess rainfall as canal water was filled in the water body planned for excavation and desilting purpose. To utilise the time lag, during this period, a capacity building workshop was conducted for the farmers on topics related to 'farming techniques in water deficit areas' by experts. At present most of the planned work has been successfully completed with water storage increase, access to water for rabbi crop and increased percolation attained to increase groundwater recharge.
Shirwal	Haqdarshak	To extend Covid-19 vaccination support along with basic facilities and government entitlements to communities in the nearby villages.	During the year, Thermax Foundation tied up with Haqdarshak to provide Covid-19 vaccination support for dose 1 and dose 2 to residents near Kesurdi and nearby villages; in addition to extending assistance for government schemes. From the 3,026 beneficiaries, 955 received Covid-19 vaccination, 127 received E-Shram cards, 1,045 received Digital Health IDs, 765 registered for Mahatma Phule Jan Arogya Yojana, and 134 received support for Aadhaar card, Ration card updates to avail government benefits.
Sri City	Pragati	Thermax initiated welding skill training for a batch of welders at Sri City for youth in the community.	All candidates completed NCVT level 4 certification. As part of this project, employees at Sri City volunteered to teach students behavioural skills, including communication and presentation. All the candidates have been placed and tracked. During FY 2021-22, we will work with the NGO partner to select the candidates from the community based on aptitude and support them with technical and non-technical courses needed by the recruiters in the vicinity for better retention.

Case Study

Social Compact

An Introduction

In September 2020, as the country grappled with the challenges of Covid-19, Thermax embarked on the Social Compact (SoCo) initiative with NGOs like Dasra, Aajeevika Bureau and other like-minded corporates, to help design a framework to support informal workers live a life of dignity and equity. The pilot engagement started in September 2020. NGO partners carried out an on-site assessment at a few factory and site locations at Thermax.



measures are achieved and maintained at all sites, we will progressively move to the next level - as envisioned through the Social Compact.

6 Key Outcomes

- Secure living wages
- Maximise safety against accidents
- Ensure health and social security
- Foster gender equity
- Facilitate access to entitlements
- Enable participation in future of work

An Update on SoCo

Organisation-wide implementation commenced in September 2021 where a framework was defined to identify catch up areas around factory and site locations. A checklist encompassing 32 action items is being monitored regularly to ensure that the execution is on track.

Internal audits reveal compliance at all factory locations; however, Thermax is making efforts to look at compliance at all sites (over 250) in a phased manner. Once the initial

Thermax Foundation and the CSR wing of Bajaj Auto jointly launched the 'Worker Facilitation Centre' (WFC) in Pimpri Chinchwad Municipal Corporation (PCMC), Pune. It is designed to cater to a vital industry hub consisting of more than 3 lakh informal workers. The WFC will eventually become a go-to place for any worker in the vicinity to seek information about labour practices. We have started with awareness on government entitlements related to Builder and Other Construction Workers (BOCW) Act, E-shram, Pradhan Mantri Jeevan Beema (PMJB) scheme, Aadhaar card linkages to bank accounts, ESIC access and counselling. At present, various outreach and awareness camps are being conducted at Bhosari labour naka and nearby places where there is a high footfall of construction site workers.

RELATIONSHIP CAPITAL

We made further progress in becoming a value-based organisation by building invaluable relationship capital with all our stakeholders. We listen to our customers, channel partners and business partners to understand their specific requirements. We also conduct sustainability-based awareness sessions for suppliers and seek their feedback to improve quality and productivity. Thermax Channel Associates (TCAs) are provided with technical training to improve their capabilities in offering better customer service.

Thermax Channel Associates (TCAs)

i. Dealer Management System (DMS)

To address the needs of our dealers and facilitate the assessment of sales, we have introduced DMS. The objective of this platform is to help

manage financial transactions with dealers more transparently, monitor secondary sales data, and importantly, analyse sale trends for different spares.

➤ For more details, refer to the chapter on Intellectual Capital on page 36.

ii. Other Initiatives

In addition to DMS, Thermax has participated in several key initiatives with the purpose of ramping up processes and functions and ensuring complete support to TCAs. To illustrate, NACH – a robust, secure and scalable platform kick-started, enabling digital

payment modes and safer transactions with channel partners. Websites and social media platforms for channel partners were revamped as a part of the strategic and integrated digital marketing plan.

The Company plans to achieve operational efficiency, acquire new customers, and generate leads through TCAs and Channel Business Group. With the launch of new products in Water & Waste Solutions (WWS), Process Heating, Air Pollution

Control (APC) and Steam Engineering, TCAs have been able to provide better product capabilities and robust solutions to customers. The launch of Robo and Swayam for automated proposal generation for WWS and APC made responding to customers more agile and simple.



Thermax's Channel Business Group formed a Partner Advisory Council (PAC) with identified top 13 channel partners, launched in September 2021. Thermax PAC aims at co-creating 'growth' and 'operational excellence' blueprint for the next three years with channel partners. During the launch, five centres of excellence were announced – Product and Services, People, Finance, Technology and Marketing, which integrate with ThermaxNXT and Channel Business strategy.

Vendor Partners

During the year, a key transformation was ushered in the form of Thermax Financial Services (TFS) for faster processing of vendor bills as per the defined timeline.

➤ For details, refer to the chapter on Financial Capital on page 30.

Online training sessions were organised to build capabilities of suppliers. During the year, more than 70 vendors were trained through these sessions. The 'Supply Chain Sustainability' series for critical vendor

partners continued to build awareness on safety and environment during the year. The vendor registration process includes questions on sustainability. As buyers from Strategic Business Units (SBUs) worked with suppliers to increase awareness on sustainability, it also helped increase the share of sustainably-sourced material to 37%, up from 35.6% in the earlier year.

Customers

Thermax has been a key supporter to its customers in their sustainability efforts. As the world of energy transforms, several customers

have adopted a fundamental look at their carbon footprint and are charting their sustainability future. Being a clean air, clean energy and clean water company, our primary aim is to understand the needs of our customers and facilitate them in moving ahead on their energy transition journey. Our four key account management (KAM) teams are targeting 14 specific accounts in food, pharmaceuticals and chemical sectors. We partner with them in saving on energy and water, minimising pollution and CO₂ emissions and making a transition towards green and sustainable operations.

Case Study



Revolutionising Customer Experience

A significant milestone towards enhancing the customer experience has been the launch of Thermax EDGE™.

In following a substantial step to bring the breadth of our services and our offerings to customers' fingertips, we virtually launched an all-inclusive and one-of-its-kind customer portal 'Thermax EDGE™'. The event was simulated live to our customers via our website and YouTube platform and was viewed by more than 2,500 individuals.

➤ For more details, click here or scan the QR code.



NATURAL CAPITAL

As a clean air, clean energy and clean water company, we realise how significant our role is in promoting sustainable development. The sustainable solutions we develop for our customers are environment-friendly and enable efficient deployment of energy and water resources. We are committed to creating greener products and manufacturing sustainably by way of resource conservation and energy efficiency.

Key Highlights of FY 2021-22

Rs. 1.39 crore

Capex on carbon footprint reduction related projects

5,957

Number of saplings planted

Interlinkage with Other Capitals



Strategies Impacted

S01 S02 S03



SDGs Impacted



At Thermax, we remain focussed on sustainable energy and environmental solutions. Our offerings in waste heat recovery, bio-fuels, solar, bio-CNG and waste-to-energy demonstrate our commitment towards delivering clean energy. Sustainability has been inculcated in every process. A keen focus on sustainable technologies helps reduce operating costs and increase our operational efficiencies. Adequate measures are being taken to ensure our manufacturing operations make judicious use of the natural resources.

We understand the need to boost our capabilities in green energy and strengthen our efforts towards a cleaner India. During the year, we also enhanced our renewable energy portfolio by expanding our solar business through First Energy Private Limited.

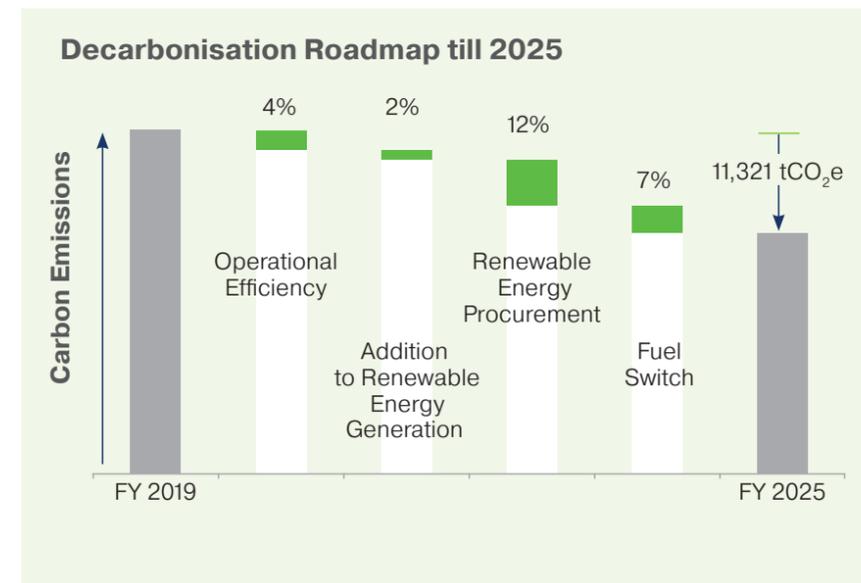


India at COP26 Summit

At the World Leaders Summit of UN Climate Change Conference, Glasgow (COP26) in November 2021, countries reaffirmed the Paris Agreement goal of cutting greenhouse gas emissions. It was reiterated to limit the increase in global average temperature to well below 2 degree celsius above pre-industrial levels and pursuing efforts to limit it to 1.5 degree celsius. India has committed to being net-zero by 2070. It has announced plans to reach 500 GW non-fossil energy capacity by 2030, with 50% of its energy requirement from renewable energy.

Thermax's Commitment to COP26

We have disclosed our commitment to reduce 25% of our absolute carbon emissions from base year 2019 by 2025. To achieve this goal, four key areas have been identified – operational efficiency, addition to renewable energy generation, renewable energy procurement and fuel switch. This year, we commissioned most of our projects related to operational efficiency and contributed towards the reduction in carbon emissions. A solar rooftop energy generation project of 930 kWp capacity was installed at the Sri City plant, which is estimated to start generating power in FY 2022-23. From the base year, our carbon emission intensity with respect to revenue has improved by 12.96%.



Renewable and Non-renewable Energy Consumption

We are constantly working on increasing our dependence on renewable energy across locations. We aim to procure renewable energy through open access at Chinchwad, Paudh and Shirwal plants. We have also set up rooftop solar panels for power generation with installation capacity of 2.17 MWp at Savli, Jhagadia, Sri City plants, and at our offices in Pune. The installed solar rooftop power projects have generated renewable energy of 5,76,000 kWh in FY 2021-22, resulting in emission avoidance of 455 tCO₂e. We are also in the process of liasioning with authorities for switching our existing natural gas fuel to biomass fuel at our chemical plant in Dahej.

15,147 GJ

Renewable energy consumption

3,37,899 GJ

Non-renewable energy consumption

20,551 GJ

Energy savings

2,362 tCO₂e

Emission savings



Water Consumption and Recycling

Our primary source of water is utility supply. However, rainwater harvesting is helping us reduce our dependence on freshwater. During the year, rainwater harvesting initiatives at Paudh, Jhagadia, Dahej, Sri City plants, and at two of our offices in Pune resulted in storage, consumption and groundwater recharge of rainwater.

8,93,567 m³
Water consumption

20,284 m³
Rainwater harvested

2,24,488 m³
Water reused and recycled

Reduce, Reuse, Recycle

We follow a reduce, reuse and recycle concept at eight of our zero wastewater discharge manufacturing plants. Regular monitoring of wastewater is done by internal and external agencies on parameters like chemical oxygen demand (COD), biological oxygen demand (BOD) and pH. These values are within adherence of the guidelines and limits defined by the State Pollution Control Board and local regulatory authorities. The treated effluents are utilised internally for gardening, fire hydrant system and flushing purposes, resulting in the recycling and reuse of wastewater.

Celebration of Environment Related Days

On the occasion of World Environment Day on June 5, our employees planted saplings at several manufacturing locations and at a few of the customer sites. As a part of the celebrations, various events and campaigns such as a quiz contest, digital collage making contest, seminars, environment surveys, and plantation activities were conducted based on the theme of 'Ecosystem Restoration'.

i. #ZeroWeGo

#ZeroWeGo is a sustainability campaign kickstarted during the year by Thermax Cooling. The key purpose of this campaign is to steer the world towards a greener and sustainable tomorrow. 'Zero We Go Day' has been instituted on January 28, 2022, encouraging citizens to adopt sustainable practices. The sustainability initiative resonates with the company's passion to reimagine, recreate and restore the environment by reducing carbon emissions – both internally and for our customers.

ii. Thermax Cares for the Environment

Whether it is through our processes, products or premises, we are making a conscious effort every single day and empowering ourselves towards environment conservation and preserving the nature. We conducted webinars and workshops to sensitise our employees on key topics. An e-waste collection drive was organised at Pune, where 607 kg of household e-waste was collected and disposed through an authorised agency.



iii. Key Topics for Employee Sensitisation



Complying with Environmental Norms

Thermax conforms to all the environmental laws, regulations and standards for environmental conservation

- All our factories comply with the permissible limits of ambient air quality with key parameters including PM 2.5, PM 10, SOx and NOx as prescribed by the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs)
- Waste generated at manufacturing sites is segregated as hazardous and non-hazardous waste which is handed over to collection vendors; and later disposed, recycled or reused as applicable in a socially responsible and environmentally safe manner

Case Study

Installation of EV Charging Points

Thermax has installed electric vehicle charging points for its employees with convenient and accessible charging stations at Chinchwad (PCMC) at an affordable cost, thus enhancing employee experience and sustainability quotient.



BOARD OF DIRECTORS

A grid layout for the Board of Directors featuring 12 members. Each member's name and title are displayed in a teal box, with their portrait in a grey box. The grid is composed of teal and grey squares arranged in a staggered pattern.

	Meher Pudumjee Chairperson		Ashish Bhandari Managing Director and CEO
	Pheroz Pudumjee Non-executive Director		
	Harsh Mariwala Independent Director		Dr. Jairam Varadaraj Independent Director
	Nawshir Mirza Independent Director		Rajani Kesari Independent Director
	Dr. Valentin A.H. von Massow Independent Director		S. B. (Ravi) Pandit Independent Director
	Dr. Ravi Gopinath Independent Director		

MANAGEMENT EXECUTIVE COUNCIL

A grid layout for the Management Executive Council featuring 12 members. Each member's name and title are displayed in a teal box, with their portrait in a grey box. The grid is composed of teal and grey squares arranged in a staggered pattern.

	Ashish Bhandari Managing Director and CEO	B.C. Mahesh Executive Vice President-Projects & Energy Solutions
	Bill Shukla Executive Vice President-Industrial Product Business	
	Hemant Mohgaonkar Executive Vice President-New Energy	
	Jasmeet Bhatia Executive Vice President and Chief Human Resources Officer	Dr. Mahesh Murthy Executive Vice President and Chief Technology Officer
	Pravin Karve Chief Executive Officer - TBWES	
	Prosenjit Sengupta Executive Vice President and Chief Digital Officer	
	Rajendran Arunachalam Executive Vice President and Group Chief Financial Officer	
	Shekhar Kashalikar Senior Vice President - TBWES	

CORPORATE INFORMATION

Board of Directors

Meher Pudumjee
Chairperson

Pheroze Pudumjee
Non-executive Director

Ashish Bhandari
Managing Director & CEO

Independent Directors

Harsh Mariwala

Dr. Jairam Varadaraj

Nawshir Mirza

Rajani Kesari

Dr. Ravi Gopinath

S.B. (Ravi) Pandit

Dr. Valentin A.H. von Massow

Executive Council

Ashish Bhandari

B.C. Mahesh

Bill Shukla

Hemant Mohgaonkar

Jasmeet Bhatia

Dr. Mahesh Murthy

Pravin Karve

Prosenjit Sengupta

Rajendran Arunachalam

Shekhar Kashalikar

Key Managerial Personnel

Ashish Bhandari
Managing Director & CEO

Rajendran Arunachalam
EVP and Group CFO

Kedar P. Phadke
Company Secretary & Compliance Officer (up to August 19, 2021)

Janhavi Khele
Company Secretary & Compliance Officer (from September 1, 2021)

Registered Office

D-13, M.I.D.C Industrial Area,
R.D. Aga Road, Chinchwad,
Pune - 411 019
Ph.: 020-66122100/66155000
Fax: 020-66122142

Corporate Identity No.
L29299PN1980PLC022787

Corporate Office

Thermax House
14, Mumbai-Pune Road, Wakdevadi,
Pune - 411 003
Ph.: 020-66051200/25542122
Fax: 020-25541226
Website: www.thermaxglobal.com

Registrar & Share Transfer Agent

KFin Technologies Ltd.
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032.
Tel: 040-67162222 / 79611000
Fax: 040-23001153
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Bankers

Union Bank of India
Bank of Baroda
Citibank NA
ICICI Bank Ltd.
Kotak Mahindra Bank Ltd.
Hongkong and Shanghai Banking Corporation Ltd.

Auditors

SRBC & CO. LLP
Chartered Accountants
Ground Floor, Panchshil Tech Park,
Yerawada,
Pune - 411 006.
ICAI Firm Reg. No. 324982E/E300003

Subsidiaries

Domestic

1. Enerxnt Pvt. Ltd.
2. First Energy Pvt. Ltd.
3. First Energy TN 1 Private Limited
4. First Energy 2 Pvt. Ltd.
5. Thermax Babcock & Wilcox Energy Solutions Ltd.
6. Thermax Cooling Solutions Ltd.
7. Thermax Engineering Construction Company Ltd.
8. Thermax Instrumentation Ltd.
9. Thermax Onsite Energy Solutions Ltd.
10. Thermax Sustainable Energy Solutions Ltd.

Overseas

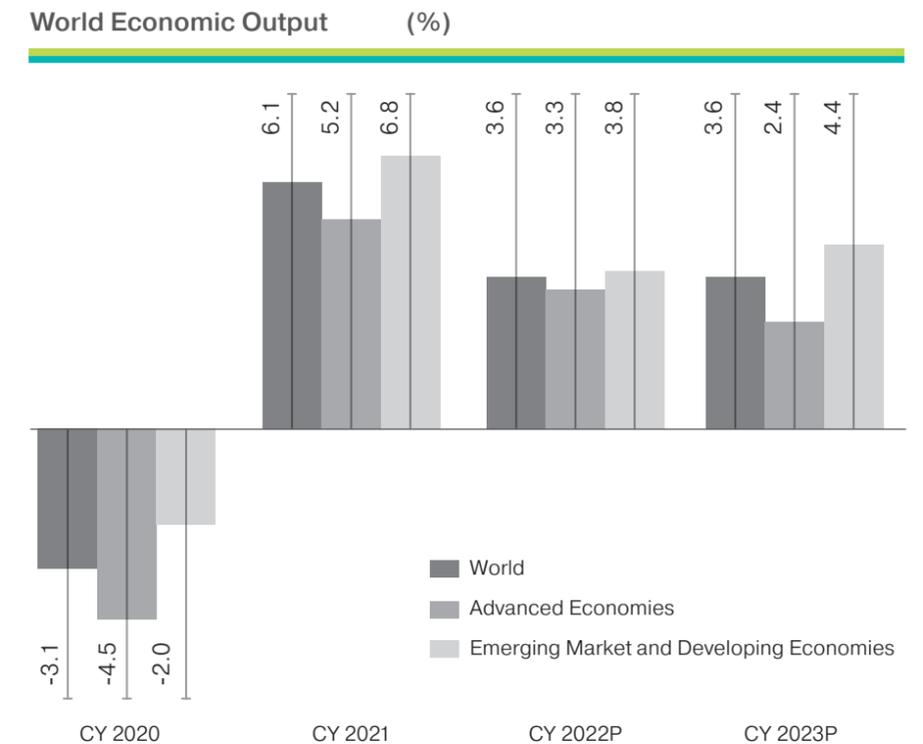
1. Boilerworks A/S, Denmark
2. Boilerworks Properties ApS, Denmark
3. Danstoker A/S, Denmark
4. Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia
5. Ejendomsanpartsselskabet Industrivej Nord 13, Denmark
6. PT Thermax International, Indonesia
7. Rifox-Hans Richter GmbH Spezialarmaturen, Germany
8. Thermax Denmark ApS
9. Thermax do Brasil Energia e Equipamentos Ltda, Brazil
10. Thermax Energy & Environment Lanka (Private) Limited, Sri Lanka
11. Thermax Energy & Environment Philippines Corporation
12. Thermax Engineering Construction FZE, Nigeria
13. Thermax Engineering Singapore Pte Ltd.
14. Thermax Europe Limited, UK
15. Thermax Inc., USA
16. Thermax International Ltd., Mauritius
17. Thermax International Tanzania Ltd.
18. Thermax Netherlands B.V.
19. Thermax Nigeria Limited
20. Thermax SDN. BHD., Malaysia
21. Thermax Senegal S.A.R.L
22. Thermax (Thailand) Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

I. Economy Overview

Global Economic Overview

The expectations of an economic recovery in 2021 were dampened as supply chain issues caused by the pandemic persisted during the year. Disruptions in transportation and manpower, just-in-time logistics, and lean inventory management exacerbated supply chain challenges, resulting in global shortages and inflation. As pressure on the economy escalated due to the Russia-Ukraine conflict and China's high viral infection load - which impacted mobility - global growth is predicted to decline from 6.1% in 2021 to 3.6% in 2022 and 2023. Many governments under severe inflationary pressure, tightened their monetary policy due to higher, broader, and more persistent pricing stress. Overall risks to economic prospects have increased sharply.



Source: IMF World Economic Outlook April 2022
P: Projections



Indian Economic Overview

India emerged as the world's fastest-growing major economy, and is expected to become one of the top three economic powers in the near future. However, achieving this feat looks elusive with the Covid-19 pandemic-induced downturn that reduced India's GDP by 6.6% in FY 2020-21.

Post the slowdown, the Indian markets are slowly but steadily stabilising; the manufacturing business is improving with customer confidence increasing.

Annual inflation rate in India increased to 6.95% in March 2022, the highest since October 2020. Consequently, the RBI raised the policy repo rate by 50 basis points to 4.90%. The RBI study predicts that conflict-related inflation would slow India's GDP growth to 7.2% in FY 2022-23. Nonetheless, the outlook for private sector investment predominantly in energy and the environment is positive. As a leading company providing energy and environment solutions, Thermax is geared to support this recovery.

II. Industry Overview

The top sectors that contributed to Thermax's order book during the year are power, transportation, refinery & petrochemical, metals, steel, chemicals and cement.

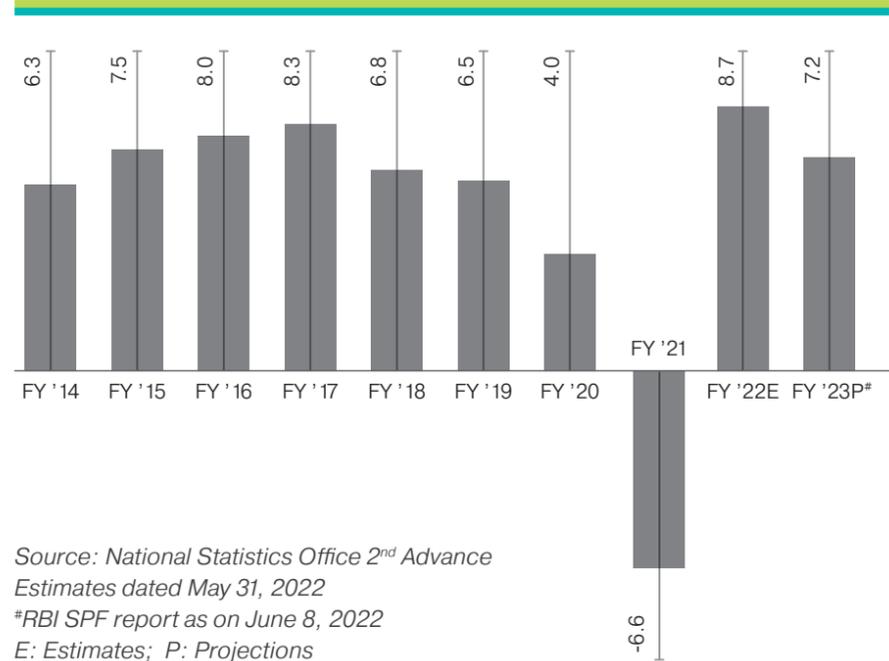
For more details on these orders, refer to section VI - Business Segments of the Company on page 60, and section VIII - Performance on Strategy on page 68 of the MDA.

III. Company Overview

Brief Introduction

Thermax Limited is an engineering and capital goods firm based in Pune, India. The Company operates globally through 34 international and 22 domestic offices, and 14 manufacturing facilities, of which 10 are in India, and

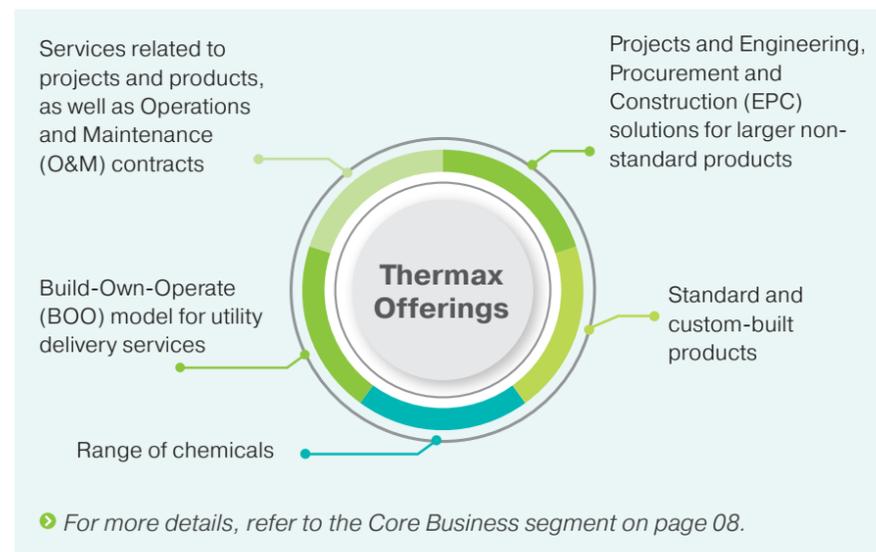
Indian Economic Outlook (%)



four are overseas. Thermax is present in over 90 countries across Asia Pacific, Africa, the Middle East, CIS countries, Europe, and the Americas.

Key Segments

Energy, Environment, and Chemical are the Company's three main business segments.



IV. Outlook for Thermax

As energy transition is gaining momentum, new technologies are coming into play, opening a world of possibilities for Thermax to become a champion in this transformation. With its five decades of deep domain expertise in understanding the energy matrix and a team of dedicated engineers, Thermax will act as a catalyst in ensuring energy security and affordability for customers.

The Company is focussed on leveraging its brand to strengthen current relationships through new offerings, enhancing capital allocation, margin improvement and seeking new development options with worldwide partnerships.

The Company has a large order pipeline in waste heat recovery for the cement and steel industries, besides orders for FGDs, waste to energy and build-own-operate based solutions.

Thermax has benefitted from clients' increasing focus on energy efficiency and carbon footprint reduction. The Company is investing in green and clean technology and expanding its product portfolio. The global and domestic shift in energy towards renewables is ideally suited to the Company's solutions in waste to energy, waste heat recovery, and renewables for local and international enterprises.

Moving forward, the Thermax of the future is one that is closely aligned with the needs of a cleaner, greener, and healthier world. The Company is committed to its philosophy of 'Conserving Resources, Preserving the Future' with more sustainable projects in clean air, clean energy, and clean water.

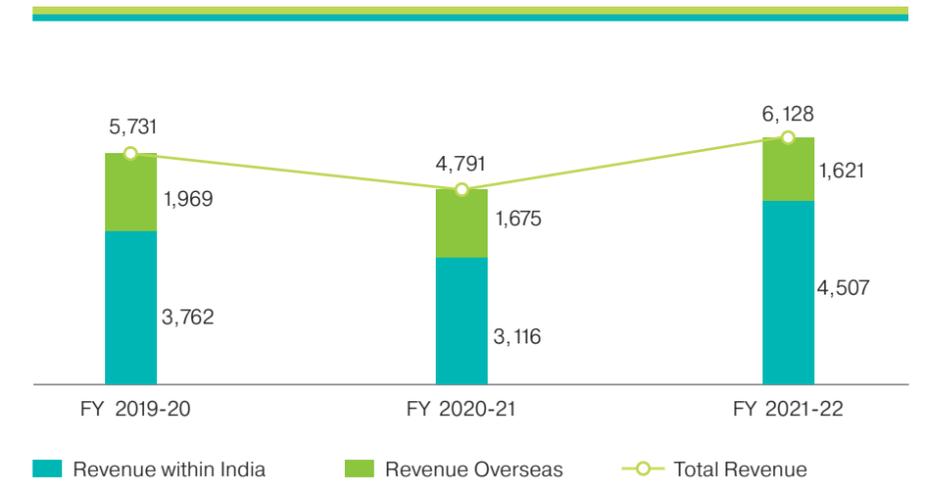
V. Operational Performance

Thermax Group's overall income for the FY 2021-22 was Rs. 6,128 crore, up from Rs. 4,791 crore in the previous year. International business revenues for the Group were Rs. 1,621 crore in FY 2021-22, down from Rs. 1,675 crore in FY 2020-21. The Group's consolidated order booking for the current fiscal was the highest ever at Rs. 9,410 crore, up from Rs. 4,784 crore in the previous fiscal

year. However, international business accounted for 20% of total order booking. International orders were Rs. 1,878 crore in FY 2021-22, up 38% from Rs. 1,363 crore in FY 2020-21.

The Company's management placed a strategic emphasis on cost containment, particularly in the areas of selling, general, and administrative expenses.

Geographical Revenue Generation (Rs. in crore)



For more details, refer to note 21 of the Consolidated Profit & Loss Account on page 186.



VI. Business Segments of the Company

Energy Segment

The increasing demand for energy globally, coupled with issues of current scarcity and adverse environmental impact of traditional sources of energy generation, points to a likelihood of an energy crisis in the future. As an energy and environment solutions provider, Thermax is well-positioned to partner with industries that are looking to reduce their carbon and water footprint.

Thermax's Energy segment includes Process Heating, Absorption Cooling and Heating, Boiler & Heater (TBWES), Projects and Energy Solutions, Renewable Energy Solutions (FEPL), as well as ancillary services. The Group also offers Build-Own-Operate (TOESL) utility distribution solutions. Products for process heating include packaged boilers, thermal oil heaters, heat recovery boilers, and hot water generators. Its vapour absorption cooling and heating systems are used for industrial refrigeration, air conditioning, process cooling, and heating. It also offers wet and dry process cooling options for significant energy savings.

Thermax Babcock & Wilcox Energy Solutions (TBWES), a wholly-owned subsidiary, provides steam generation for process and power needs, as well as waste heat recovery solutions. It also retrofits boilers and process furnaces.

With a current contracted base of more than 3,500 MW, Thermax has a strong edge in constructing best-in-class captive power, cogeneration, and trigeneration plants on an EPC basis. Solar business, which is now part of First Energy Private Limited (FEPL), has executed more than 150 predominantly rooftop projects, totalling more than 72 MW of green power output.



Thermax's recently launched ultra low temperature hot water chiller

Thermax Onsite Energy Solutions Limited (TOESL), a wholly-owned subsidiary, delivers 'green' utilities on a long-term contractual basis. The business model encompasses investing in, constructing, and operating plants on customer premises, as well as managing the supply chain for all consumables, including biomass fuels.

Recognising the expanding opportunity in this segment, Thermax continues to enhance its digital capabilities to maintain a competitive advantage. In addition to focussing on digitalisation (IIoT-enabled services), the Company is developing innovative technologies in the green energy sector.

Prime Drivers

- Energy transition and action on climate change are major priorities of governments globally
- Emphasis on clean energy driving shift in energy mix, creating opportunities for greenfield projects and brownfield replacements
- Increasing demand for EPC, renewable energy, waste to

energy, waste heat recovery plants and biofuels due to focus on sustainability and energy-efficient solutions

- Gradual shift from capex to opex based models
- Increase in demand for dry cooling solutions and adiabatic cooling towers on account of sustainability and water consumption regulations
- Growth across industries such as food, pharma, chemicals, cement, and steel, owing to encouraging policies and macro-economic factors
- In FY 2022-23, as a part of government borrowing, sovereign green bonds are to be launched in order to fund green infrastructure
- India is best placed to benefit from the altered situation post-Covid owing to its competitive advantage in various industries, favourable factors of production, conducive business environment, and incentivising government policies

Key Focus Areas

- Diversification of EPC offering into international markets, unconventional fuels, and renewable energy
- Bridging the gap between energy availability and sustainability
- Waste heat recovery, waste to energy and municipal solid waste (MSW) incineration in line with the demand to increase the green portfolio
- Considering the volatile nature of fuels available as well as their cost, focus on multi-fuel fired boilers for higher flexibility
- Continued momentum of domestic growth in opex-based biomass solutions and penetration in international markets
- Penetrate India as well as Asian and African markets for solar opex-based solutions
- Scaling up of energy management solutions for comprehensive operations and maintenance
- Modularisation in international markets for reduction in on-site construction work
- Due to considerable industry pressure, focus on complete solutions to minimise energy costs and carbon footprint
- Continued investments in value-added service offerings, such as industrial internet of things (IIoT) solutions, remote assistance technology, and automation
- Business development collaborations with industrial associations, OEMs, process licensors, and consultants in important markets

Performance in FY 2021-22

In FY 2021-22, the Energy segment accounted for 70.8% (74.8%) of the Group's gross operating revenue. The Group's operating revenue (net) for the year was Rs. 4,434 crore (Rs. 3,627 crore), while segment profit was Rs. 286 crore (Rs. 218 crore) for the same period.

In FY 2021-22, order booking was Rs. 6,237 crore, up from Rs. 3,724 crore in the prior year.

With an increased focus on clean energy, energy efficiency, and decarbonisation solutions, as well as the opening up of markets post-Covid, revenues and profit margins for the Energy segment have improved.

Financial Performance – Energy Segment

(Rs. in crore)



Case Study

Reducing Sulphur Compounds from a Refinery Process

Thermax concluded an order of Rs. 1,176 crore from an Indian public sector refinery to set up their sulphur recovery block on a lump sum turnkey basis.

In order to meet the BS VI emission standards of low sulphur fuels, the refinery is reducing sulphur content in fuels it produces. The sulphur recovery block will treat the resultant H₂S gases and deliver about 500 TPD elemental sulphur in liquid form. This sulphur can be further used for conversion to sulphuric acid, a basic raw material for many industrial processes that produce fertilisers, industrial explosives, storage batteries, etc.

The sulphur recovery block will be a part of the customer's ongoing refinery expansion project and is being pursued as a part of the Government of India's North East Hydrocarbon Vision 2030. The scope of supply includes project management, engineering, procurement, manufacturing, construction, and commissioning. The project is slated to be completed in 28 months.

Environment Segment

Concerns about air pollution and wastewater management have prompted process-oriented industries to develop and follow stricter environmental regulations. The Environment segment includes the Water and Waste Solutions (WWS) and Air Pollution Control (APC) businesses.

The WWS business supports industrial and commercial establishments to recycle water for their process requirements, clean sewage and treat effluents through its water treatment, wastewater treatment/recycling plants, zero liquid discharge, sewage treatment/recycling and desalination solutions. It has completed more than 25,000 standard and over 600 industrial large-scale installations up to FY 2021-22.

For more than four decades, the APC business of Thermax has been a focal point entity for all industrial and utility sectors concerned with controlling hazardous emissions. Besides pollution control systems, the APC business also provides flue gas desulphurisation (FGD) systems to mitigate sulphur dioxide (SO_x) emissions in thermal power plants. A diverse range of solutions offers multi-fold benefits to various industries, helping them not only improve air quality but also comply with stipulated emission norms. The business has successfully completed over 25,000 installations across a wide range of industries including power, cement, steel, sugar, refinery & petrochemicals, paper, chemical, food, textiles, fertiliser sectors.

The Company's technological know-how, customised solutions and well-trained field engineering staff have aided the expansion of the Environment segment. It has a full-fledged in-house R&D setup, including testing



Thermax has installed an electrostatic precipitator (ESP) for a power company in Thailand to control emissions from their 26 MW biomass power plant

equipment, prototypes, pilot plants, and shop floor plant installation to validate product performance.

Prime Drivers

- Lack of access to water
- Stringent regulatory norms for water and effluent treatment
- Market demand for modularised/plug-and-play water and wastewater treatment products
- Shift from coal to biomass or agro-based fuels
- Government's mandate to power companies on installation of FGD systems within a stipulated timeframe to mitigate SO_x emissions

- Enforcement of air pollution emission norms globally

Key Focus Areas

- Continued focus on digitalisation and remote monitoring of products and solutions
- Modularisation of new products
- Focus on urban and commercial segments to offer sewage recycling solutions with newer compact products based on membrane bioreactor (MBR) and sequential batch reactor (SBR) technologies
- Emphasis on zero liquid discharge (ZLD) systems with advanced multi effect evaporator

(MEE) and mechanical vapour recompression (MVR) technologies, developed in-house

- Improve and upgrade plant operations through modernisation projects
- Development of new air pollution control technologies to manage diverse versions of gaseous pollutants and enable agro-based fuel combustion
- Expansion of spares and services portfolio
- Strengthen presence in the overseas markets

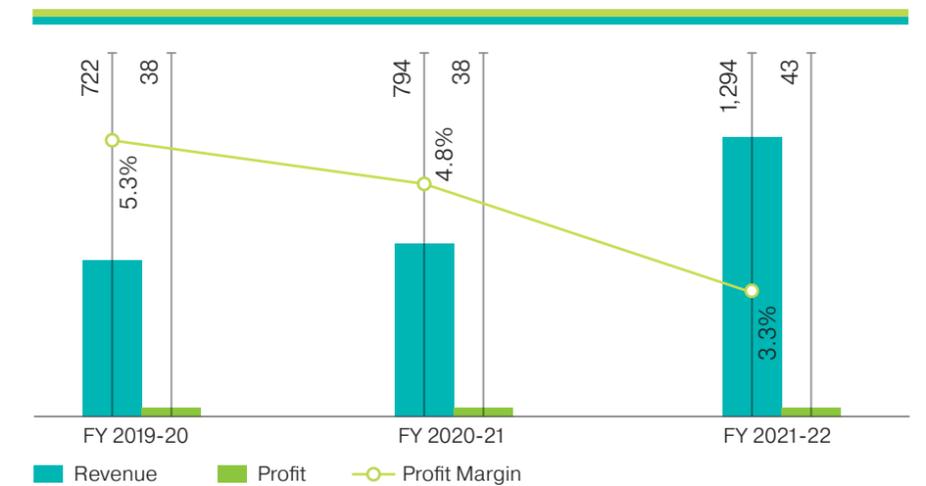
Performance in FY 2021-22

In FY 2021-22, the segment accounted for 20.6% (16.4%) of the Group's gross operating revenue. The Group's operating revenue (net) for the year

was Rs. 1,294 crore (Rs. 794 crore), while segment profits were Rs. 43 crore (Rs. 38 crore) for the same period.

In FY 2021-22, order booking for the segment was Rs. 2,604 crore, compared to Rs. 636 crore in the previous year. Higher emphasis on the urban and commercial sectors led to an increase in order bookings for WWS. In APC, there was an improvement in revenue due to the two major FGD orders received in FY 2021-22.

Financial Performance – Environment Segment (Rs. in crore)



Case Study

Making every drop count

A glass-making major in Gujarat wanted to treat the wastewater generated in their wet coater and vacuum coater and reduce the quantity of rejects in order to meet the norms prescribed by the Pollution Control Board.

Thermax suggested a comprehensive solution to the problem of wastewater treatment. The Company worked on a specific design project to treat the wastewater by providing equalisation, filtration membrane, and zero liquid discharge solutions to treat the wastewater generated during coating operations.

The facility designed by Thermax has the capacity to reduce fresh water intake and save water by 800 KLD, while adhering to the principle of delivering clean water.



ZLD plant installation at the customer site

Chemical Segment

Thermax is widely recognised as a leading manufacturer and exporter of ion exchange resins and a pioneer in water and wastewater treatment chemicals. Within its Chemical segment, the Company manufactures and markets a vast array of specialty chemicals that aid in the enhancement of various processes. In addition, the product portfolio encompasses construction chemicals for improving, protecting and repairing concrete structures as well as chemicals for oilfield operations. Providing custom and cost-effective solutions to industrial sectors and clients around the globe gives the Company a distinct advantage. The segment is guided by research and supported by production facilities that meet global standards.

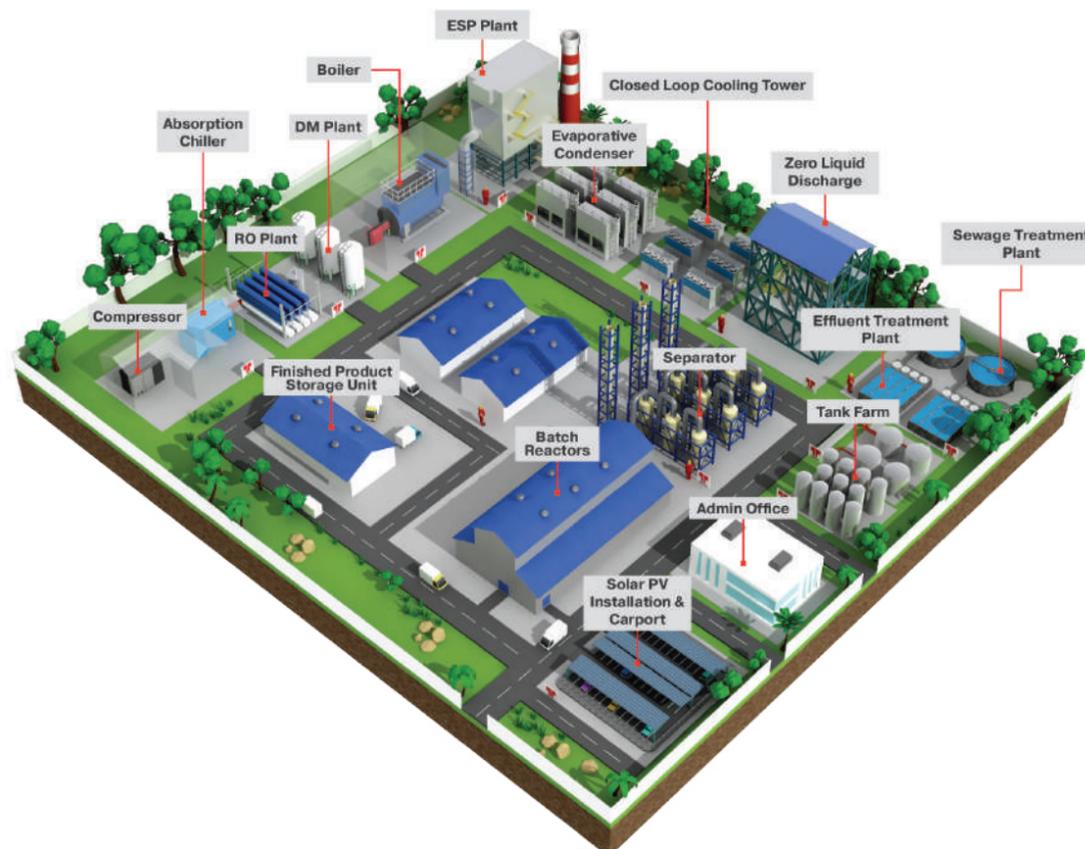
Prime Drivers

- Increase in demand for solvent-free and low total organic carbon (TOC) resins for ultrapure water applications in industries such as food, pharma, and electronics
- Increasing emphasis and government push towards recycling of water in the wake of the worldwide water crisis and severe regulatory criteria for water and wastewater treatment
- Rise in demand for RO, multi effect evaporator (MEE), and incinerators which help boost water treatment chemicals that aid in zero liquid discharge and effluent treatment
- Investments in the petrochemical sector are leading to opportunities for monoethylene glycol (MEG) and catalyst resins

- New demand from infrastructure segments - cement and steel, supported by infrastructure expansion and government policies

Key Focus Areas

- Enhance market presence and broaden the portfolio of specialty resins, build references for specialty applications
- Expand global market presence through dealer network and collaboration with industrial licensors and consultants
- Widen the market reach of water treatment chemicals by focussing on digitalisation and remote monitoring of water treatment products and systems

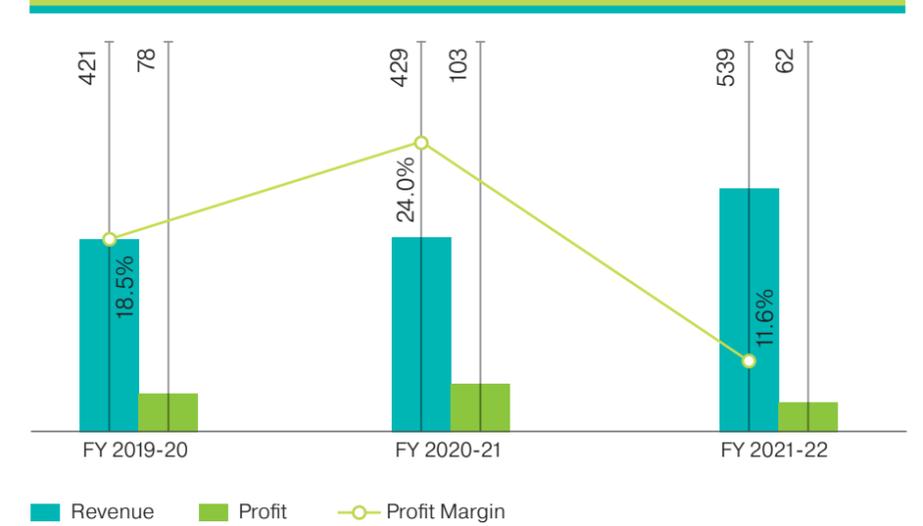


An isometric view of a chemical plant, showcasing an array of Thermax's utility solutions

Performance in FY 2021-22

The segment accounted for 8.6% (8.8%) of the Group's gross operating revenues in F Y 2021-22. The Chemical business posted an operating revenue of Rs. 539 crore (Rs. 429 crore). Profit for the year stood at Rs. 62 crore, compared to Rs. 103 crore in the previous year. The second wave of the coronavirus outbreak at the beginning of the fiscal caused a near-catastrophic blow to the economy, followed by the Russian-Ukrainian conflict. A combination of these factors, along with unprecedented increases in the cost of key raw materials, rising ocean freight charges, and the highest inflation rate seen globally, adversely affected the profitability. The Company has adopted measures such as passing on the cost to the customers to mitigate the impact.

Financial Performance – Chemical Segment (Rs. in crore)



Ion exchange resins

Case Study

Chemical Breakthrough Order for Demineralisation (DM) and Condensate Polishing Applications

Africa's largest producer of granulated urea fertiliser for DM and condensate polishing applications was experiencing issues with existing uniform particle size (UPS) resins and wanted assurance of enhanced performance. Due to its established reputation in ion exchange resins and the technical expertise of the team, Thermax Chemicals won the order from the customer against strong competition, conditions of tight payment terms and freight challenges.

Tulsion® ion exchange resins from Thermax met the customer's requirements, resulting in a second order for another DM plant from its cement group.

VII. Subsidiaries

The MDA captures the growth trends and outlook of only those subsidiaries that have a reasonable impact on the segmental performance.

For more details on each subsidiary, refer to AOC-1 on page 222.

Thermax Babcock & Wilcox Energy Solutions Limited (TBWES)

TBWES, a 100% subsidiary of Thermax, provides steam generation solutions for process and power needs, using fuel as well as waste heat. Additionally, it offers renovation and modernisation along with upgrades for old boilers and furnaces. In an effort to expand its green portfolio in conjunction with the trend toward clean energy, TBWES has developed newer technologies and formed strategic partnerships focussed on waste to energy, municipal solid waste (MSW) incineration and waste heat recovery, all of which are gaining traction. One of the most recent additions is the newly-launched FlexiSource multifuel boiler.

On the order front, TBWES secured several large orders, consolidating its green order book. These include an MSW-fired boiler for the waste management sector and a travelling grate boiler for one of the largest distilleries, both of them in Thailand and waste heat recovery boilers for cement and steel plants in West Bengal, India.

The subsidiary is also continuing its focus on modularised equipment with significant value addition due to customer demand, which is well supported by the Company's manufacturing facilities in India. However, the Company is exposed to volatile commodity prices, which leads to cost uncertainties. Across all industry segments, a recovery following Covid-19 resulted in an increase in revenue primarily due to the execution of a substantial order backlog.



Danstoker A/S, Denmark

Danstoker Group

Danstoker A/S, Boilerworks A/S, and Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia (DSPL), a step-down subsidiary of Danstoker A/S comprise the Danstoker Group. Through these companies, the Group designs, manufactures, and sells biomass boilers, heaters, and related equipment in the European market.

During FY 2021-22, the subsidiary's order booking was affected by Covid-19, which was further dampened by the rising costs of steel and construction materials as well as the tensions between Ukraine and Russia. In spite of the steel price hike, order booking resumed by the end of 2022. Due to higher input costs, the subsidiary had to increase the price of equipment for new orders to retain the margin on the order backlog. As a recognised player in electrical boilers with expertise in low voltage technology, the Group has received a noteworthy order to produce pressure parts for high voltage electrical boilers from one of the major players in the region.

Despite a challenging year, the subsidiary reflected positive profitability after many years of decline. The subsidiary plans to continue the momentum aided by enquiries for biomass boilers and boilers with fuel flexibility in the future, in view of Europe's waning dependency on Russian natural gas.

PT Thermax International, Indonesia (PT TII)

PT TII designs, manufactures, delivers, installs, commissions, and services boilers, heaters, and related equipment. Throughout the year, the subsidiary has made sustained efforts to improve product design and manufacturing. Volatility in crude pricing, which caused higher sea freights, led PT TII to improve its local execution capabilities.

In addition, PT TII has set up sales and service teams in major industrial clusters in the South East Asian market and built a local supply chain for a few commodities. A number of channel partners have also been approved in

specific islands in order to expand the Company's presence and business.

During the year, the subsidiary ventured into new areas with the aim of expansion. As part of the strategy, Thermax launched NeoTherm to compete in oil & gas, pharma and food & beverages and developed a low-cost grate technology/boiler for combusting palm fibre to enter the vast crude palm oil market.

Thermax Europe

Thermax Europe installs absorption chillers and heat pumps that have a capacity ranging from 35 kW to 12,000 kW. These chillers and heat pumps are driven by hot water, steam, oil & gas, and waste energy, making them energy-efficient, innovative and sustainable. The technology is often used for cooling commercial establishments as well as industrial processes and other district heating applications. Through its vast network of service outlets, Thermax also provides start-up services for absorption chillers and heat pumps; offers maintenance contracts and supply of spare parts.

The Absorption Cooling and Heating business continues to be driven by the on-site power generation market in Italy, Germany, Spain and UK. Moreover, the commitment made by some of the European countries to reduce their dependency on fossil fuels and increase energy efficiency is providing opportunities for Thermax to supply steam-fired heat pumps in the district heating sector. The highlights of the year are large heat pump orders from Germany and Poland and a large chiller order for a steel company in Taiwan. The service and spare parts business has been in line with the overall business strategy.

Thermax Onsite Energy Solutions Limited (TOESL)

TOESL is a sustainable utility provider that uses the build-own-operate (BOO) business model to deliver utilities such as steam, heat, treated water, and cogeneration power.

TOESL invests capital, establishes the utility plant, and operates it on client premises for the duration of the plant's lifecycle, performing comprehensive operation and maintenance, including supply chain management of fuel, spares, and consumables. Customers are relieved of the burden of owning and operating these utilities, allowing them to concentrate more on their core production operations.

Thermax Inc., USA

Thermax Inc., the US sales and service arm of the Company, operates in two segments - Energy (sale of absorption chillers) and Chemicals

(sale of ion exchange resins). Despite the difficulties posed by Covid-19 and supply chain issues during FY 2021-22, Thermax Inc.'s Cooling business unit recorded a 25% increase in business. The Cooling business in Brazil has resumed with a well-known industry participant after a brief break. The Company secured an order from a recognised chemical company in North America and from a healthcare customer in Puerto Rico. Furthermore, two prominent cogeneration orders have been secured from new customers. The subsidiary also bagged chemical orders for MEG processing, water treatment, mixed bed resins, and biotech applications from key customers in the geography.

First Energy Private Limited (FEPL)

Thermax's Group Company, FEPL restructured on November 1, 2021, to expand its presence in the renewable



The vibrant team of FEPL at their new office

energy sector and assist customers in the energy transition journey. With this new infrastructure, Thermax extends its sustainable offerings with solar hybrid farms and storage batteries, besides solar PV plants, catering to customers in the commercial and industrial space. To begin with, renewable energy-based power delivery solutions will cover both capex and opex bespoke offerings within India and will be expanding across African and ASEAN geographies in the near future.

FEPL commands an edge in understanding the unique energy matrix and designs a custom-made solution to suit different industries, applications, and energy management goals. FEPL manages the entire energy corridor, from behind to beyond the meter. This assures dependable and reliable green power for its customers round-the-clock (24x7x365).

VIII. Performance on Strategy

SO1: Increase the Share of Green Offerings

All non-fossil fuel-based operations or applications in the Energy

and Environment segments are deemed 'green' by the Company. During the year, Thermax's green offering accounted for 74.7% of the total orders received.

During the year, TOESL bagged several contracts for 100% biomass-based green utility delivery solutions. These include a 15 TPH biomass-based boiler (agrochemical); two 22 TPH biomass-based boilers (F&B); 30 TPH biomass boiler (biopharmaceutical), resulting in huge cost savings and carbon footprint reduction for the customers.

In accordance with its energy transition initiative, Thermax has negotiated two substantial contracts with one of the world's leading equity funds players to produce roughly 15 tonne of CBG (compressed biogas) and prevent the annual burning of approximately 36,000 tonne of stubble in Punjab per project. Projects and Energy Solutions (P&ES) commissioned a 15 MW captive power plant utilising coke oven waste gas for a renowned manufacturer of pig iron and ductile iron pipes in West Bengal as well as a 3 x 9 MW cement waste heat recovery power

plant for a large cement mill in Andhra Pradesh, India.

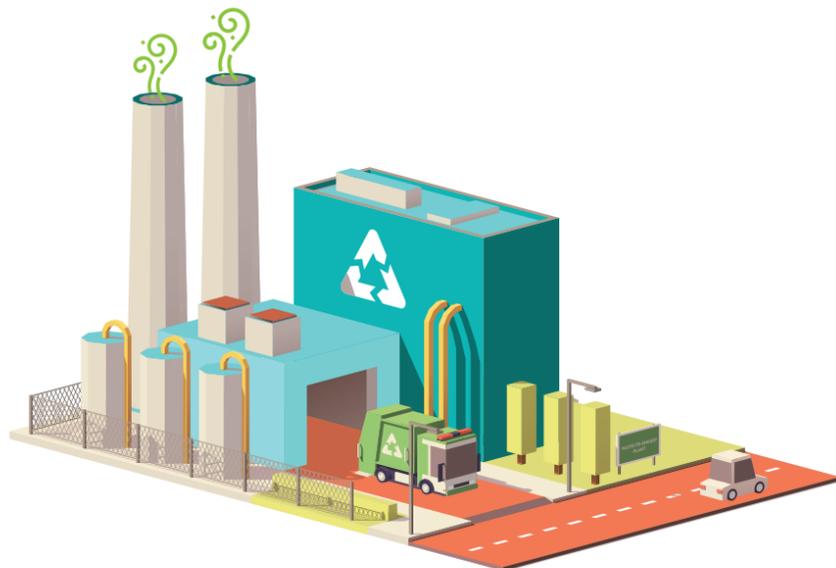
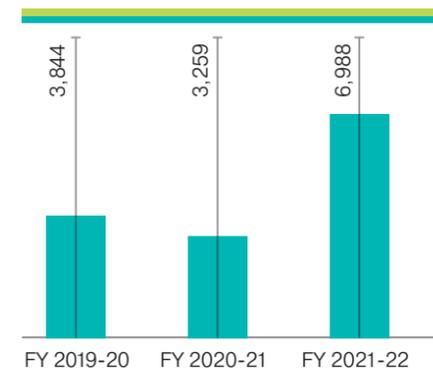
The Air Pollution Control business received two large FGD orders for thermal power plants in Uttar Pradesh.
 For more details, refer to the Key Highlights on page 01.

Multiple orders were won by Water and Waste Solutions business, notable among them include an 800 m³/day water and wastewater treatment plant (WWTP) and zero liquid discharge (ZLD) plant for a major glass manufacturing company
 For more details, refer to the case study in the Environment Segment on page 62; a 5,000 m³/hr raw water treatment plant (WTP) for a leading oil and gas major. The Company has also installed the first 10 KLD MVR built in-house at a pump OEM.

During the year, TBWES successfully installed a waste heat recovery boiler at one of the largest cement factories and a spent wash fired boiler in Maharashtra.

For more details, refer to the TBWES subsidiary on page 66.

Order Booking from Green Offerings (Rs. in crore)



Case Study

A Step Forward in Waste-to-Energy

Thermax Onsite Energy Solutions Limited (TOESL) partnered with a multinational food major for their greenfield project in Gujarat that would help them achieve sustainability and cost savings.

The customer required a 100% agro-waste biomass fuel fired boiler to generate food-grade steam for direct heating in noodle production.

Addressing the customer's need, TOESL commissioned a world-class biomass-based boiler facility under its build-own-operate model – a first for the customer. The facility comprises two biomass-based hybrid boilers of 16 TPH capacity each and other allied equipment such as an air pollution control system to follow the strict norms set by the Gujarat Pollution Control Board.

As part of the long-term contract, TOESL is responsible for handling the operations and maintenance as well as managing the biomass fuel supply chain to ensure consistent fuel quality at the right price.

With the solution provided by TOESL, the food major shall save approximately Rs. 6 crore and achieve an estimated CO₂ reduction of over 16,000 tonne annually against natural gas.

SO2: Grow Products and Services Portfolio

For FY 2021-22, the Company's order booking from products and services was Rs. 3,596 crore, up from Rs. 2,546 crore in the previous year. Under the Process Heating business, the Company dispatched and installed



State-of-the-art biomass based boiler plant set up for a leading food major

its first low voltage electric boiler to a customer in Bhutan. It also launched the new version of Combipac - a multi-fuel fired boiler and Revomax Nxt – a next-generation instant steam generator. Most of the domestic as well as international businesses were received from industries such as F&B, pharma, chemical and textile sectors during the year.

In a significant move, the Cooling business launched an ultra low temperature hot water chiller to cater to very low grade waste heat recovery of 60°C to 80°C that can be used for cooling and heating utilities in processes.

In FY 2021-22, the Chemical business developed non-phosphate environment-friendly chemicals for cooling water treatment and won major orders from steel and oil & gas companies, besides signing

several major corporate accounts. Thermax also received significant government infrastructure projects in West India as well as breakthrough orders for pour point depressants (PPDs) from existing customers.

TOESL has diversified its offerings to include 'operations and fuel' as an offering to cater to companies who have already invested in a biomass asset and look for assured biomass supply chain management and efficient operations and maintenance from technical experts.

Through its newly-formed Energy Management Solutions business, Thermax provides customers with an end-to-end offering to help measure and reduce the energy consumed by their plants by identifying and implementing energy-saving solutions. Using advanced digital capabilities, the business measures and analyses the

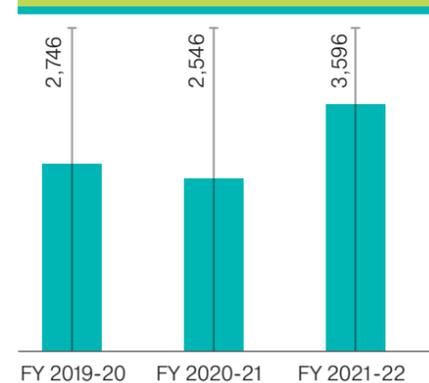
specific energy consumed by the plant and its utilities.

Under the New Energy business portfolio, Thermax expanded its solar business under FEPL, transitioning from the rooftop-based capex model to the solution-based opex model, projected to grow to a GW scale based on its predominant opex strategy.

Thermax has also developed in-house multi effect evaporator (MEE) and mechanical vapour recompression (MVR) technologies for ZLD applications.

During the year, WWS developed and launched CuBe, a completely modularised and aesthetically appealing sewage treatment plant; E Series RO, a specialised end-to-end package and a completely modularised RO plant, and a new variant of atoM, ultra-compact sewage recycle system.

Order Booking from Products and Services (Rs. in crore)



Case Study

Facilitating the transition to clean energy

Thermax supplied its first electric boiler from India to a customer in Bhutan through our channel partner. The 600 kg/hr boiler provides clean energy in the form of steam for the customer's process requirements.

Thermax collaborated with its subsidiary, Danstoker, to design and customise the boiler as per the customer's specifications. In spite of the pandemic, the boiler was commissioned remotely on schedule while adhering to all Covid-related protocols. In addition to providing clean energy, this electric boiler has helped the customer achieve higher efficiency at lower operating costs.



The first electric boiler from India commissioned overseas

SO3: Focus on Internationalisation

In FY 2021-22, Thermax's order booking was Rs. 1,878 crore, compared to Rs. 1,363 crore in FY 2020-21. Currently, the overseas segment accounts for 20% of overall bookings. International business revenue for the Group was Rs.1,621 crore, down from Rs. 1,675 crore in FY 2020-21 due to lower international order backlog against the backdrop of Covid-19.

With the increasing enforcement of air pollution rules and owing to its experience in project execution, the APC business has built a strong reputation throughout South East Asia in recent years. The business kept working hard to break into new foreign markets and establish itself as a global player in the air pollution control domain and received orders from Turkey, Germany, Greece, Brazil, and the United States, contributing to the share of order booking.

In the Chemical segment, topline growth was driven by US and European markets as well as South East Asian markets. A multitude of orders was received from large OEMs worldwide for specialty resins used in sugar decolourisation applications; MEG processing and biotech application;

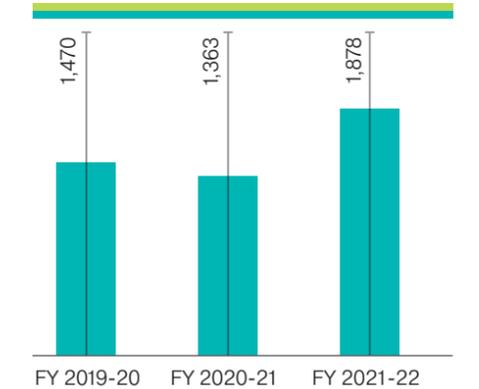
supply of mix beds and water treatment resins; chelating resins for heavy metal removal; and resins for water treatment.

TBWES successfully commissioned an MSW-fired boiler and a travelling grate boiler at one of Thailand's largest distilleries.

P&ES carried out the successful synchronisation of the second unit of the 2 x 25 MW power plant in Mtwara, Tanzania, for Africa's reputed cement manufacturer during the year.

Thermax concluded major Cooling orders for vapour absorption machines from the United States, Nigeria, Malaysia, Spain, Germany, Thailand, and Bangladesh.

International Order Booking (Rs. in crore)



Case Study

Electricity-free Cooling

Thermax commissioned a multi-energy absorption chiller for a leading Nigerian polyfilm manufacturing and printing company. The 280 TR chiller is driven by the exhaust from a natural gas generator at the plant in Ogun. The chilled water from the chiller finds application in both process and comfort cooling at the manufacturing plant. While the chiller delivers 160 TR cooling for the internal bubble cooling (IBC) system of the polyfilm manufacturing process, the rest is used for cooling the factory premises.

By means of repurposing exhaust, the chiller has enabled the customer to save USD 2,25,000 annually. Through electricity-free cooling, the polyfilm's manufacturer has achieved payback for the chiller in less than 18 months.

IX. Financial Performance

During FY 2021-22, the Group recorded an operating revenue of Rs. 6,128 crore as compared to Rs. 4,791 crore in the previous year. The basic and diluted earnings per share for the year were at Rs. 27.73 per share (Rs. 18.34). The analysis of major items of the financial statements are given below:

a. Revenue from Operations

	(Rs. in crore)		
	FY 2021-22	FY 2020-21	Change (%)
Revenue from projects and products	5,384	4,061	33
Revenue from services	680	649	5
Other operating revenue	64	81	(21)
Total operating revenue	6,128	4,791	28

The increase is mostly due to normalisation of the business that was disrupted by the pandemic and recurring lockdowns in the previous year. The revenue in Energy, Environment and Chemical segments have grown by 22%, 63% and 25% respectively. The service revenue increased primarily in domestic business by 5%.

Other operating revenue from exchange gain was lower than last year, mainly from international projects.

b. Cost of Material Consumed

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Cost of material consumed	3,485	2,539	37%
% of total revenue	56.8%	53.0%	

With the increase in orders, our raw material consumption across all businesses grew significantly. The increase in the commodity prices for steel, chemicals, and other raw materials thus affected the Company adversely.

c. Employee Benefit Expenses

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Employee benefit expenses	813	759	7%

During the year, employee benefit expenses increased primarily on account of headcount increase and increment cycle.

d. Other Expenses

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Consumption of stores and spare parts	103.04	69.70	48
Power and fuel	52.31	38.59	36
Freight and forwarding charges (net)	176.09	116.05	52
Site expenses and contract labour charges	652.90	537.01	22
Drawing, design, and technical service charges	24.65	21.10	17
Sales commission	25.34	17.49	45
Advertisement and sales promotion	10.48	11.25	(7)
Rent	19.19	14.89	29
Rates and taxes	20.09	13.51	49
Insurance	11.88	13.25	(10)
Repairs and maintenance	68.18	56.55	21
Travelling and conveyance	60.14	37.51	60
Legal and professional fees	103.52	77.66	33
Director sitting fees	1.00	0.84	19
Provision for impairment allowance and advances of financial assets (net)	(4.4)	11.24	(139)
Warranty expenses (net)	35.39	41.00	(14)
(Gain) / loss on sale / discard of assets (net)	(7.64)	0.76	(1,105)
CSR expenditure	7.54	7.84	(4)
Miscellaneous expenses	49.41	52.47	(6)
Total	1,409.11	1,138.71	24
Less: Capitalised during the year	(0.12)	(0.04)	200
Net total	1,408.99	1,138.67	24

As compared to the previous financial year, the expenses were higher because the situation had returned to normal, and revenues and activities had increased.

Certain expenses like site expenses, contract labour charges, drawing, design and technical charges occur more during certain phases of the project and are not uniform over the life of various projects. There was a large increase in export freight throughout the year due to disruption in the global supply chain. The costs were lower in the previous year owing to restrictions on travelling during the pandemic. A reversal was recorded in the provision for impairments of financial assets, advances, and one-time gain on the disposal of surplus properties.

e. Exceptional Items

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Exceptional item	Nil	52.53	-

Details of exceptional items for the previous year are as follows:

- Impairment of goodwill for Rs. 32.88 crore related to the stepdown subsidiary of Thermax Netherlands B.V. (i.e. Thermax Denmark ApS)
- Impairment of certain assets of Boilerworks Properties ApS (Denmark) of Rs. 8.82 crore on account of discontinuation of service operations
- The Group has made provision for closure of Omnical Kessel & Apparatebau GmbH, Germany of Rs. 1.68 crore
- The Group, 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. 9.15 crore (gross value Rs. 10.96 crore)

f. Property, Plant and Equipment

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Property, plant and equipment	990.95	1,042.69	(5)
Capital work-in-progress	44.32	21.06	110
Right-of-use assets	163.24	167.40	(2)
Goodwill	3.03	3.03	0
Other intangible assets	37.52	28.92	30
Intangible assets under development	Nil	3.10	(100)
Total	1,239.06	1,266.20	(2)

Capital work-in-progress is driven mainly by solar assets under construction at First Energy Private Limited. Intangible assets under development represent ERP implementation, software, and research & development related assets.

g. Investment

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Non-current investment	703.36	119.21	490
Current investment	766.54	115.25	565
Total	1,469.90	234.46	527

The Company invested its funds in longer maturity fixed deposits, debt-based mutual funds compared to the prior year, leading to a shift from shorter tenure bank deposits.

h. Trade Receivable

(Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Non-current trade receivable	173.52	100.87	72
Current trade receivable	1,423.72	1,237.10	15
Total	1,597.24	1,337.97	19

The non-current trade receivable increased due to the retention of large PSU projects.

i. Cash Flow (Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Cash flows from operating activities	324.71	769.48	(58)
Cash flows from / (used in) investing activities	(421.58)	(635.68)	(34)
Cash flows (used in) financing activities	(20.58)	77.24	(127)
Total income	(117.45)	211.04	(156)

The order book and order backlog increased substantially in FY 2021-22, resulting in an increase in operational execution. The rise in commodity prices and supply chain constraints has led to an increase in inventories and other current assets for executing existing jobs and projects. This has had a cascading effect on investing activities. Since the Group had paid a dividend, the outflow of cash was higher than the previous year.

j. Cash and Cash Equivalents and Other Bank Balance (Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Cash and cash equivalents	310.78	461.31	(33)
Bank balance	642.72	1,477.89	(57)
Total income	953.50	1,939.20	(51)

The Company transitioned from short to long-term deposits, which resulted in lower bank balances, including short-term deposits.

k. Non-current Other Liabilities (Rs. in crore)

	FY 2021-22	FY 2020-21	Change (%)
Other liability	40.58	72.18	(44)%

Other non-current liabilities were reduced due to a decrease in long-term customer advances received for project orders.

l. Key Financial Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios.

Particulars	Thermax Limited		Thermax Group	
	2022	2021	2022	2021
Debtors turnover ratio	3.88	3.49	4.13	3.34
Inventory turnover ratio	7.80	6.87	6.16	5.91
Interest coverage ratio	21.26	34.37	17.29	16.88
Current ratio	1.17	1.51	1.26	1.45
Return on capital employed	9.4%	10.2%	12.2%	10.6%
Return on net worth (RONW)	6.7%	4.9%	8.9%	6.4%

Interest cost increased as higher packing credit financing facility was availed due to lower interest rates.

Return on net worth has increased at standalone and group level due to an increase in profitability and significant decrease in exceptional items.

X. Opportunities and Threats

The COP26 Energy Transition Council (ETC) emphasised the importance of an immediate and comprehensive switch to clean energy to achieve the goals of the Paris Agreement. An energy supply system based primarily on fossil fuels would be replaced with renewable energy. Changes in the energy mix would include biomass-based power, bio-fuels, bio-CNG, waste to energy, waste heat recovery, renewable energy – solar, storage batteries, hydrogen, etc. Thermax being an expert in providing excellent solutions in the renewable sector, is poised to gain from such development.

The energy business is not immune to growing threats because it spans worldwide markets, foreign economies, and multiple geopolitical environments. The Company should be prepared to address these pressing concerns as they continue to surface.

Opportunities

- With India's commitment to COP26 to reduce the carbon intensity to less than 45% by the end of the decade and net-zero carbon emissions by 2070, Thermax seizes opportunities in the sunrise areas.
- Tightened ESG standards, decarbonisation, and energy transition would create opportunities for Thermax, with its expertise in heating, cooling, power, and diverse environmental solutions, putting it in a good position to capitalise.
- Air pollution control equipment, such as FGDs to arrest sulphur dioxide (SOx) and related services, would continue to be in demand as environmental regulations tighten in various locations, including MENA and other Asian countries, and would benefit the Company.
- Digitalisation, IIoT and remote online service with dependable systems are

helping open up new territories and possibilities to expand and challenge the Company's capabilities beyond its reach, across offerings.

- In a shift from capex to opex, outsourcing is poised to set the pace for growth in the Company's business across the globe.
- Sustainability of industries will be based on the criteria of reduction in operational cost through the implementation of various efficiency improvement solutions, modernisation, and adoption of new technologies to reduce energy consumption. This will drive demand for Thermax.
- The Company's state-of-the-art facilities in India, capable of providing modularised equipment with significant value addition is witnessing an encouraging response from overseas customers.
- The government announced relief packages to strengthen economies in sectors such as infrastructure, food processing, pharmaceuticals, textile, chemicals, iron & steel, oil & gas, and power in order to mitigate the impact of Covid-19. This would have a favourable impact on industries' willingness to continue investing and fulfil the rising demand.

Threats

- The Russia-Ukraine war continues to be the main risk factor on asset prices, particularly commodity prices. The recent sharp fluctuation in commodity prices has caused investors to reduce their transactions, resulting in lower market liquidity and increased volatility in prices. This has further impacted the interest rates adversely, reducing the buying power and opportunities for greenfield projects and ongoing expansions.
- Increasing raw material prices for certain chemicals and metals, such as steel will have an impact on the

previous order backlog, and thus, the Company's profitability.

- With the economy rebounding post Covid-19, and many start-ups across the country, the demand for talent has increased, resulting in attrition. Thermax has already felt the impact.
- Many multinational corporations are making efforts to transition away from the use of fossil fuels and towards biomass. Established local competitors with a robust biomass sourcing network and database offering BOO solutions pose a threat to the Thermax's capex and opex model.
- Due to the fact that many orders received by the Company are sourced from fossil fuel based industries, an industry-wide shift to a green model will have a detrimental effect on revenue.
- An increase in fuel prices, which would raise transportation and freight expenses, could have a negative effect on the Company's profitability.
- Because markets are constantly evolving, there is uncertainty in the global regulatory landscape. Any adverse slowdown or pushback in regulations would impact demand for effluent treatment plants, zero liquid discharge solutions, and flue gas desulphurisation projects - all of which are part of Thermax's Environment portfolio.

XI. Risk Management

The Company has put in place a risk management system that includes an organisational risk management framework, policies, tools, and procedures. It uses a combination of legal requirements, market history, and statistics to measure risk. Strategic, financial, and operational risks are all part of the risk identification process. Once risks have been identified, the designated risk owner is in charge of developing plans

that outline mitigation actions for the risks that have been assigned. The Company's Risk Management Council and Committee keeps a close eye on these risk mitigation plans, assesses them on a regular basis, and conducts a thorough examination of the Company's significant risks, their impact on strategic decisions, and mitigation strategies.

➤ For more details, refer to the Risk Management section on page 22.

XII. Internal Controls

The Company examines the quality of its controls and the amount of compliance with the help of its Internal Audit function. Management and the internal audit team evaluates the Company's internal financial and operational controls. Operating managers are kept up-to-date on changes in the law that affect their areas of operation through a process. Managers check for compliance with certain provisions once a month.

To decrease the possibility of unethical behaviour, the organisation has a strong culture and comprehensive protocols in place, including a clear code of conduct and a whistleblower policy. In addition, it employs enterprise resource planning software in its operations. The programme features a number of built-in controls as well as a thorough examination of differences between performance and plan. The Company's internal culture also helps to lessen the chance of any unethical practices.

XIII. Health, Safety and Environment

Health, Safety and Environment (HSE) is an integral part of the Company, and all activities across Thermax's facilities and project sites, are



Safety week celebration

mandated to be performed in a safe manner. Thermax's commitment to HSE ensures a safer work environment for the workers, contractors, and customers, as well as contributes to a cleaner environment. The HSE programme is implemented using robust systems and procedures and the key to the programme is consistent implementation and monitoring. This extends to the supply chain partners as well. The managing director reviews the Company's HSE performance every quarter. Divisional safety councils evaluate divisional performance and implement corrective and preventive measures to guarantee high levels of performance.

a) Update on Certifications and Audits

- TBWES project sites and manufacturing plants at Savli, Mundra, Chinchwad and Shirwal – 1st surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by Bureau Veritas

- Cooling plant at Sri City - 2nd surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by Lloyds
- Heating manufacturing units at Chinchwad and Savli – 1st surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by TUV:SUD
- TOESL - 2nd surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by DNV
- Chemical manufacturing facilities at Paudh, Jhagadia and Dahej – 2nd surveillance audits for ISO 14001:2015 and ISO 45001:2018 were conducted by Bureau Veritas
- P&ES business and Process Heating project sites - 2nd surveillance audits for ISO 45001:2018 were conducted by TUV:SUD and DNV
- WWS division – recertification audit for ISO 45001:2018 was done by Bureau Veritas
- Enviro business - stage 1 audit of ISO 14001:2015 and 45001:2018 was conducted in April 2022 by TUV:SUD

b) Safety Audits and Training

Safety is paramount at Thermax. It forms an integral part of our culture. In addition to the regular HSE training, the Company has developed e-learning modules for hazard and operability analysis (HAZOP study).

Despite the existing safety processes and training, Thermax witnessed 75 recordable incidents, including seven fatalities - one permanent employee and six contractual employees.

Taking a note of these incidents, safety has become the top most priority in all Board meetings, permeating down to every employee. Some of the initiatives implemented are behaviour-based safety – wherein routine people practices are observed, and any inappropriate behaviour is flagged; digitising HSE management - to build accountability and better transparency in our operations; rewarding individuals demonstrating excellent safety standards and structuring the consequence management system.

Thermax has never differentiated between permanent and contract / temporary workforce. We will continue these initiatives and undertake many more to ensure the safety of our employees.

c) Results and Outcomes

An external organisation ran a behaviour-based safety training programme in order to foster a healthy and safe culture among employees:

- In FY 2021-22, 1,436 internal inspections and audits, as well as 22 external safety audits, were conducted
- The continuing usage of an HSE app for incident reporting has aided in the reduction of hazards and risks at plants and sites
- Manufacturing plants are subject to the environment management system, and a variety of waste/

resource reduction management programmes have been effectively executed throughout the year

- To reduce the transmission and containment of the Covid-19 virus, the Company initiated and completed a vaccination and awareness initiative for all the employees and workers

Safety Audits in FY2021

Internal Audits	External Audits
1,436	22

XIV. Human Resource

The Company is dedicated to providing a conducive and safe environment to its employees, enabling inclusive growth and career opportunities. In addition, the diverse talent pool is nurtured through competitive pay, merit-based career advancement, and best-in-class people policies.

Acknowledging the trends shaping the work culture today, the Group launched a number of initiatives to improve its existing systems and

processes, and developed new tools to enhance employee engagement and experience.

The Company's human capital strategy focusses on ongoing education and training in order to help employees gain new skills and capabilities as well as ensure regular involvement.

➤ For more details, refer to the chapter on Human Capital on page 40

XV. Cautionary Statement

The Management Discussion and Analysis contains statements about future events, financial and operating results of Thermax Group, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to change based on risks and uncertainties. A number of factors could cause assumptions and actual future results and events to differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.



New joiners partnering in the journey for a better tomorrow

DIRECTORS' REPORT

Dear Shareholder,

Your directors have the pleasure in presenting the Forty-First Annual Report on the business and operations of the Company, together with the audited financial statements of your Company for the year ended March 31, 2022.

Financial Results

(Rs. in crore)

Particulars	Standalone		Consolidated	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Total revenue	4,015.39	3,131.48	6,128.33	4,791.25
Profit before finance cost, depreciation and tax	350.58	358.51	548.38	462.93
Finance cost and depreciation	80.52	72.56	138.41	135.21
Profit before tax and exceptional items	270.06	285.95	410.10	327.72
Exceptional items	(14.00)	(103.03)	-	(52.53)
Profit before tax but after exceptional items	256.06	182.92	410.10	275.19
Provision for taxation (incl. deferred tax)	55.27	41.90	97.79	68.61
Profit after tax	200.79	141.02	312.31	206.58
Other comprehensive income	4.24	0.87	7.62	16.91
Total comprehensive income	205.03	141.89	319.93	223.49
Total equity	3,001.00	2,879.38	3,492.49	3,251.39
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing operations	16.85	11.83	27.73	18.34
Earnings Per Share (EPS) (Rs.) face value per share Rs. 2/- from continuing and discontinuing operations	16.85	11.83	27.73	18.34

Result of Operations and the State of Affairs

Standalone

Your Company, on a standalone basis, posted a revenue of Rs. 4,015 crore for the financial year 2021-22, against last year's revenue of Rs. 3,131 crore. Revenue from exports was up 20% at Rs. 952 crore (Rs. 791 crore). Order booking from continuing operations stood at Rs. 6,867 crore, higher by 123% as compared to Rs. 3,079 crore in the previous year.

Consolidated

On a consolidated level, the group revenue was at Rs. 6,128 crore (Rs. 4,791 crore). The Group's international business was lower by 3% at Rs. 1,622 crore (Rs. 1,675 crore). Consolidated order booking for FY 2021-22 increased by 97% to Rs. 9,410 crore (Rs. 4,784 crore). Order booking in international markets at Rs. 1,878 crore was higher by 37%. The Company booked a major order in refinery for a sulphur recovery unit worth Rs. 1,176 crore and

two orders for flue gas desulphurisation systems worth Rs. 1,376 crore in the fiscal year.

The energy segment contributed 70.8% (74.8%) to the Group's gross operating revenues in FY 2021-22.

Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

Credit Rating

Your Company has been rated 'AA+' by Credit Rating Information Services of India Limited (CRISIL) for its banking facilities. The upgrade reflects your Company's continued good parentage, credit profile, liquidity position, strong corporate governance practices, financial flexibility and conservative financial policies.

Covid-19

Measures taken by the Company for Covid relief are covered in Integrated Report.

Dividend

The Board of Directors have recommended a dividend of Rs. 9 (450%) per equity share of face value of Rs. 2/- each for the year ended March 31, 2022. The dividend is subject to the approval of members at the ensuing Annual General Meeting (AGM).

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has adopted the Dividend Distribution Policy, which is made available on the Company's website and can be accessed using the link: <https://www.thermaxglobal.com/>.

Transfer to Reserve

The closing balance of the retained earnings of the Company for FY 2021-22, after all appropriation and adjustments, was Rs. 2,434 crore. During the year, the Company has not transferred any amount to General Reserve.

Share Capital

The paid-up equity share capital of the Company was Rs. 23.83 crore as on March 31, 2022. There were no public or preferential rights or bonus issued during the year. The Company has neither issued any shares with differential voting rights, sweat equity shares nor has it granted any stock options.

Statement of Deviation(s) or Variation(s) in Share Capital

During the year under review, there was no instance to report containing Statement of Deviation(s) or Variation(s) in share capital as per Regulation 32 of SEBI Listing Regulations, 2015.

Subsidiaries

In accordance with Section 136 of the Act, the Annual Report of your Company containing *inter alia*, financial statements, including consolidated financial statements, has been placed on our website: <https://www.thermaxglobal.com/annual-reports/> which can be accessed using the link.

Further, the financial statements of the subsidiaries have also been placed on our website: <https://www.thermaxglobal.com/subsidiary-annual-report/>. On request, these

documents will be made available for inspection at the Company's corporate office.

The report on the growth trends and outlook of those subsidiaries which impact your Company's performance reasonably are captured in the Management Discussion and Analysis section of this report.

Information on Newly Incorporated Subsidiaries and Acquisitions during the Year

Through its wholly-owned subsidiary, First Energy Private Limited (FEPL), the Company has established step-down subsidiaries, named First Energy TN 1 Private Limited and First Energy 2 Private Limited, incorporated on January 29, 2022, and March 30, 2022, respectively, for launching the renewable energy business of FEPL.

During the year, the Company has done restructuring of international subsidiaries, by which Thermax Thailand Limited and Thermax SDN BHD, Malaysia, the wholly-owned subsidiaries of the Company have been transferred to Thermax Engineering Singapore Pte Limited effective December 2021; and with this Thermax Thailand Limited and Thermax SDN BHD, Malaysia, became step down subsidiaries of Thermax Limited. This restructuring is in line with the consolidation of South-East Asia entities of the Group under Thermax Engineering Singapore Pte Limited.

During the year, the liquidation of subsidiary Boilerworks Properties ApS is completed. This Company's principal activity was to own and lease out the property at Papegøjevej 7, DK-6270 Tønder. During 2019-20, the property was sold, on September 28, 2020, the Company entered into voluntary liquidation, and no claims in the period of notice to creditors have been received. The Company has been liquidated on March 24, 2022.

The Company has decided to make an investment in ExactSpace Technologies Private Limited (ExactSpace) up to a sum of Rs. 10 crore in one or more tranches. ExactSpace is engaged in the business of developing artificial intelligence solutions for industries in the energy segment. The investment will result in the Company's holding up to 15.17% of the share capital of ExactSpace. The Company has invested up to Rs. 6.50 crore till March 2022.

Management Discussion and Analysis

The Management Discussion and Analysis section highlighting the performance of the Company's energy, environment and chemical segments, including details of

select subsidiaries, information on the Company's health, safety and environment measures, human resources, risk management and internal controls, is on page no.57.

Corporate Governance Report

A detailed Corporate Governance Report regarding the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which also includes disclosures required as per Sections 134 and 177 of the Companies Act, 2013, is attached as Annexure 1 on page no. 87.

A certificate from the statutory auditors of the Company regarding compliance with the conditions of corporate governance as required under Schedule V of the Listing Regulations is a part of this report.

Integrated Report

The SEBI, in its circular dated February 6, 2017, has advised the top 500 listed companies (by market capitalisation) to voluntarily adopt Integrated Reporting (IR) from FY 2017-18.

In compliance with the above circular, an Integrated Report encompassing both financial and non-financial information enabling the Company's diverse stakeholders to make well-informed decisions and have a better understanding of the Company's long-term perspective is on page no. 02.

Secretarial Standards

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) as may be amended from time to time.

Business Responsibility Reporting

In terms of the Listing Regulations, Business Responsibility Report describing the initiatives taken by the Company from environmental, social and governance perspectives is enclosed as Annexure-2 on page no. 109.

Vigil Mechanism/Whistleblower Policy

The Company has a vigil mechanism named 'Whistleblower Policy' to deal with instances of fraud and mismanagement, if any. The details of the policy are provided in the Corporate Governance Report and also posted on the website of the Company: www.thermaxglobal.com.

Industrial Relations

The overall Industrial Relations at all the locations were peaceful. The Company has signed three years wage settlement with the union at the Paudh Chemical facility in July 2021.

The wage settlement at the Savli manufacturing plant is in force till March 31, 2022, and at Chinchwad plant up to April 30, 2022. The Company has started negotiation with the union at both the places, and is hopeful of concluding the discussion by the end of July 2022.

Human Resources Management

1. Particulars of Employees

The total number of permanent employees on the rolls of the Company as on March 31, 2022, was 3,096 compared to 3,034 employees in the previous year. At the group level, the total number of permanent employees is 4,634 compared to 3,627 employees in the previous year.

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the Company, forms part of Annexure A to this Board's report and information required pursuant to Rule 5(2) will be provided upon request.

In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

2. Anti-Sexual Harassment Policy / Internal Committee

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. To build awareness in this area, the Company has been carrying out online induction/refresher programmes across the organisation on a periodical basis.

An Internal Committee (IC) has been set up to redress complaints received regarding sexual harassment under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed of during the year 2021-22:

- Number of complaints received – Nil
- Number of complaints disposed of – NA

Disclosure Pursuant to Section 197(14) of the Companies Act, 2013, and Rules made thereunder

The Managing Director and Whole Time Director of the Company are not in receipt of any remuneration and/or commission from any Holding / Subsidiary Company, as the case may be.

Details of Trusts for the Benefit of Employees

a) ESOP Trust

The Company has Thermax Employees ESOP and Welfare Trust which holds 29,06,250 equity shares of Rs. 2/- each of the Company.

The Trust has not entered into any transaction of buying or selling of shares in the secondary market.

Thermax Employee Stock Option Scheme 2021

With a view to motivate the key workforce, seek their contribution to the corporate growth, create an employee ownership culture, attract new talents, and retain them to ensure sustained growth, your Company has implemented an employee stock option plan namely 'Thermax Limited Employee Stock Option Plan 2021' ("ESOP 2021"/ "Plan") covering the employees of the Company and its Group Companies including subsidiary and its associate companies. The scheme was approved by the shareholders through a postal ballot on January 13, 2022, with requisite majority.

In line with Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, a statement giving complete details, as on March 31, 2022, is available on the website of the Company: <https://www.thermaxglobal.com/>.

b) Employee Welfare Trusts

The Company has various Employee Welfare Trusts primarily for providing medical, housing, and educational aid to its employees. These Trusts presently hold 36,35,190 equity shares of Rs. 2/- each of the Company. None of the Trusts had any dealings in the secondary market.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

The information on the conservation of energy, technology absorption and foreign exchange earnings and outgo

stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as Annexure 3 on page no. 113.

Corporate Social Responsibility Initiatives

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects mainly in the area of education. The projects are in accordance with Schedule VII of the Companies Act, 2013. Since 2007, CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR in the new format is provided in the Social and Relationship Capital on page no. 44.

The details of the CSR Committee and CSR Policy are available on the Company's website: www.thermaxglobal.com.

The Annual Report on CSR Activities and CSR Policy is provided as Annexure 4 on page no. 116.

Directors and Key Managerial Personnel

The Board of Directors of your Company comprises of 10 directors, viz., two non-executive directors, one executive director and seven independent directors, including one independent woman director as on March 31, 2022. As per the Articles of Association of the Company, one-third of the Directors, other than Independent Directors and Chairperson, are liable to retire by rotation at the AGM of the Company every year.

Appointment and Re-appointment of Directors

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on November 10, 2021, appointed Dr. Ravi Shankar Gopinath (DIN: 00803847) as an Additional Director (Independent) of your Company with effect from November 10, 2021. Dr. Ravi Shankar Gopinath will hold office as an Additional Director (Independent) up to the date of the ensuing AGM and subject to the approval of Members at the 41st AGM, shall be appointed as Independent Director to hold office for a period of five consecutive years effective November 10, 2021.

Mr. Shashishekar Pandit Balkrishna (DIN: 00075861) was appointed as an Independent Director of the Company from May 30, 2017 to May 29, 2022. Considering the performance evaluation, contributions to the Company during his first term of office, his background, qualification and experience and based on the recommendation of the Nomination and Remuneration Committee, the Board approved the re-appointment of Mr. Shashishekar Pandit Balkrishna for

the second term commencing from May 30, 2022, subject to the approval of the shareholders in the ensuing AGM.

Further, in accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Ashish Bhandari (DIN: 05291138) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment as a Director.

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Board and Independent Directors' Meeting

A calendar of meetings is prepared and circulated in advance to the directors. During the year, six Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

The Independent Directors met two times during the financial year 2021-22. These meetings were held on August 06, 2021, and December 22, 2021, and the same is covered under the Corporate Governance Report.

Familiarisation Programme

The Company has formulated a policy on 'Familiarisation Programme for Independent Directors', which is available on the Company's website: www.thermaxglobal.com.

Committees of the Board

The details of all committees and their terms of reference are set out in the Corporate Governance Report.

Key Managerial Personnel

During the year Kedar P. Phadke ceased to be the Company Secretary, Key Managerial Person (KMP) and Compliance Officer of the Company with effect from August 19, 2021, due to his sudden demise.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Ms. Janhavi Khele, a qualified Company Secretary (Membership No. A20601), as the Company Secretary, Compliance Officer and KMP of the Company w.e.f. September 1, 2021, pursuant to the provisions of Section 203 of the Companies Act, 2013. She also carried out the responsibility of the Compliance Officer during the intermittent period from August 19, 2021 to August 31, 2021.

Remuneration Policy

The remuneration policy details for selection, appointment and remuneration of directors and senior management is given in the Corporate Governance Report, and the said policy is available on the Company's website: www.thermaxglobal.com.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual evaluation of its performance. The details of the Board/Committee evaluations are given in the Corporate Governance Report.

Board Diversity

The Company recognises and embraces the importance of a diverse Board for its success. Your Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race and gender that will help in retaining its competitive advantage. The Board Diversity Policy adopted by the Board outlines its approach to diversity. The policy is available on the website: www.thermaxglobal.com.

Directors' Responsibility Statement

In terms of Section 134(3)(c) of the Companies Act, 2013, the directors of your Company, to the best of their knowledge and belief and according to the information and explanations obtained by them in the normal course of their work, state that, in all material respects:

- In the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected, applied consistently, and judgement and estimates have been made that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on March 31, 2022, and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual financial statements have been prepared on a going concern basis;

- Proper internal financial controls were in place, and the financial controls were adequate and operating effectively; and
- Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Please refer to the Internal Controls section of the Management Discussion and Analysis for further details.

Details Regarding Frauds Reported by Auditors under Section 143(12)

During the year under review, there were no frauds reported by the auditors to the audit committee or the Board under Section 143(12) of the Act.

Related Party Transactions

All related party transactions entered into during the financial year were at arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee. Prior omnibus approval of the Audit Committee is obtained annually for transactions that are foreseeable and repetitive. The transactions entered pursuant to the omnibus approval so granted along with the statement giving details of all related-party transactions are placed before the Audit Committee for their approval on a quarterly basis.

Pursuant to the latest amendments by the SEBI, the Company has adopted the revised policy on Related Party Transactions which is available on the Company's website: www.thermaxglobal.com.

None of the directors has any pecuniary relationships or transactions vis-à-vis the Company except as disclosed under Sr. No. 2A of the Corporate Governance Report.

Standalone and Consolidated Financial Statements

The financial statements for the year ended March 31, 2022, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time. The consolidated financial statements of the Group are prepared in compliance with the Accounting Standards and Listing Regulations as prescribed by SEBI. The cash flow for the year is attached to the balance sheet. A separate statement containing the

salient features of subsidiaries and joint ventures in the prescribed Form (AOC-1) is available on page no. 222.

Public Deposits

During the year, your Company has not accepted deposits from the public. Further, your Company has also not accepted any deposits during the financial year 2021-22, and as such, no principal or interest was outstanding as on March 31, 2022, as per the provisions of the Companies Act, 2013 and the Rules framed thereunder.

Particulars of Loans, Guarantees or Investments

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the financial statements.

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company other than its Directors or Key Managerial Personnel, in order to purchase or subscribe shares of the Company.

Significant and Material Orders Passed by the Regulators or Courts

There were no significant material orders passed by the regulators and courts which would impact the going concern status of the Company.

The Insolvency and Bankruptcy Code, 2016

Your Board confirms that there was no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

During the year, there was no instance of one-time settlement with any Bank or Financial Institution during the year under review.

Internal Audit

The Internal audit at Thermax Group is largely carried out by the in-house Internal Audit Department with co-sourcing support. For scope determination, planning the audit and conducting reviews, the Internal audit department has been consistently following an audit cycle of July to June every year, which ensures review of transactions included in financial year April to March. The internal audit is risk based with a focus on controls for management of enterprise risks. The Directors consider this approach to meet the desired purpose of Internal Audit.

Internal Financial Control Systems and their Adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis section, which is a part of this report.

Risk Management

The Board of Directors of the Company have formed a Risk Management Committee to assess the risks facing the business and the mitigation measures taken thereof. The committee is responsible for assisting the Board in understanding existing risks and reviewing the mitigation and elimination plans for those. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically bifurcated between the committees of the Board and addressed through mitigating actions on a continuing basis.

Auditors

Statutory Auditors

M/s. SRBC & Co. LLP, Chartered Accountants, were appointed as the statutory auditors for a period of five years commencing from the 39th AGM until the conclusion of the 44th AGM.

In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of statutory auditors is not required to be ratified at every AGM.

As required under the Listing Regulations, M/s. SRBC & Co. LLP, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors are set out in the Corporate Governance Report.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

Cost Auditors

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been appointed as the cost auditors of the Company for FY 2022-23.

The maintenance of cost records as specified under Section 148 of the Act is applicable to the Company, and accordingly, all the cost records are made and maintained by the Company and audited by the cost auditors.

The Cost Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake the secretarial audit of the Company for FY 2022-23. The Secretarial Audit Report for FY 2021-22 is attached as Annexure 5 on page no. 120.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

Annual Return

The Company shall place an annual return filed with the Registrar of Companies for the financial year 2021-22 on its website: www.thermaxglobal.com. Since the Annual General Meeting is proposed to be held on August 2, 2022, the Company shall upload a copy of the Annual Return for FY 2021-22, once the same is filed with the Registrar of Companies.

Acknowledgements

Your Directors place on record their appreciation for the continued support extended during the year by the Company's customers, business associates, suppliers, bankers, investors and government authorities. They also place on record their appreciation for the dedication and value-added contribution made by all the employees.

Your Directors would also like to thank all the shareholders for continuing to repose faith in the Company and its future.

For and on behalf of the Board,

Meher Pudumjee

Chairperson (DIN: 00019581)
Pune, May 20, 2022

Annexure-A to the Directors' Report

Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of remuneration and details of percentage increase in the remuneration of each Director and KMPs in the financial year 2021-22 are as follows:

Name	DIN	Designation	Remuneration		Increase/ decrease (%)	Ratio of remuneration of Director to the Median remuneration for 2021-22 (MRE)
			2021-22	2020-21		
Meher Pudumjee	00019581	Chairperson and Non-Executive Director	5,500,000	4,750,000	15.79	6.27
Dr. Valentim A. H. von Massow	00239314	Independent Director	4,236,000	3,633,676	16.58	4.83
Pheroze Pudumjee	00019602	Non-Executive Director	3,450,000	2,800,000	23.21	3.93
Dr. Jairam Varadaraj	00003361	Independent Director	2,850,000	2,250,000	26.67	3.25
Nawshir Mirza	00044816	Independent Director	4,650,000	3,850,000	20.78	5.30
Harsh Mariwala	00210342	Independent Director	2,800,000	2,200,000	27.27	3.19
S. B. (Ravi) Pandit	00075861	Independent Director	2,600,000	1,900,000	36.84	2.96
Rajani Kesari	02384170	Independent Director	2,450,000	2,000,000	22.50	2.79
Dr. Ravi Gopinath (Appointed w.e.f November 10, 2021)	00803847	Independent Director	#Refer note 3	-	NA*	NA*
Ashish Bhandari (Appointed w.e.f. September 1, 2020)	05291138	Managing Director and CEO	70,951,438	#Refer note 3	NA*	80.65
Rajendran Arunchalam	NA	Group CFO	15,499,884	15,000,000	3.23	17.67
Janhavi Khele (Appointed w.e.f. September 1, 2021)	NA	Company Secretary	#Refer note 3	-	NA*	NA*

Note -

- *The % increase of remuneration is provided only for those directors and KMP who have drawn remuneration from the Company for full fiscal 2022 and full fiscal 2021. The ratio of remuneration to MRE is provided only for those directors and KMP who have drawn remuneration from the Company for the full fiscal 2022.
- The remuneration of all Non-Executive Directors includes sitting fees paid.
- #Remuneration details are given only for those Directors and KMP's who were appointed for the entire fiscal year. Therefore, no details are mentioned for the fiscal year where appointment is only for part of the year.
- The median remuneration of the Company for all its employees is 877208 for the financial year 2021-22. For calculation of median remuneration, the employee count taken is 3096 for FY 2021-22.

B. Percentage increase in the Median Remuneration of all employees in the financial year 2021-22

	FY20-21	FY21-22	% Change
Percentage increase in the Median Remuneration of all employees	841,584	877,209	4%

C. Comparison of average percentage increase in remuneration of all employees other than the Key Managerial Personnel

	FY20-21	FY21-22	% Change
% Rise in the Remuneration from FY 20-21 to FY 21-22 Other than KMP's	2,184,465,401	2,835,590,481	30%

The above percentage change in remuneration seems to be high at 30% over last year because of following reasons:

- 1) STIP paid for FY 21-22 was higher than the previous year
- 2) Mid year increments were done for 140 employees in the year 2021-22
- 3) More than average attrition witnessed in the year 2021-22 with replacements taken at higher salaries.

D. Affirmation

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Company's Policy.

Annexure-1 to the Directors' Report

Corporate Governance Report

1. Thermax's Philosophy on Corporate Governance

Thermax believes in following, in letter and spirit, high standards of corporate governance so that the Company's performance will have a positive impact on its stakeholders – customers, shareholders, employees, vendor partners and business associates, larger community and governments of countries where it operates. It upholds the core tenets of corporate governance for sustained growth and financial performance.

In order to enhance and retain the trust of its stakeholders, your Company is committed to ethical business conduct, integrity and commitment to values, transparency and accountability, essential features of effective corporate governance.

Empowered by the Board, your Company's key management officials implement policies and guidelines related to corporate governance. Our corporate governance framework is guided by our core values and is based on the principles as below.

Further, this year, we have added ESG (Environment, Social, Governance) since these three elements are at the heart of what Thermax stands for, apart from Energy. It has been practised for many years, and we

will continue to strengthen ourselves as we become greener, embody the Social Compact and uphold our standards of governance in all that we do.

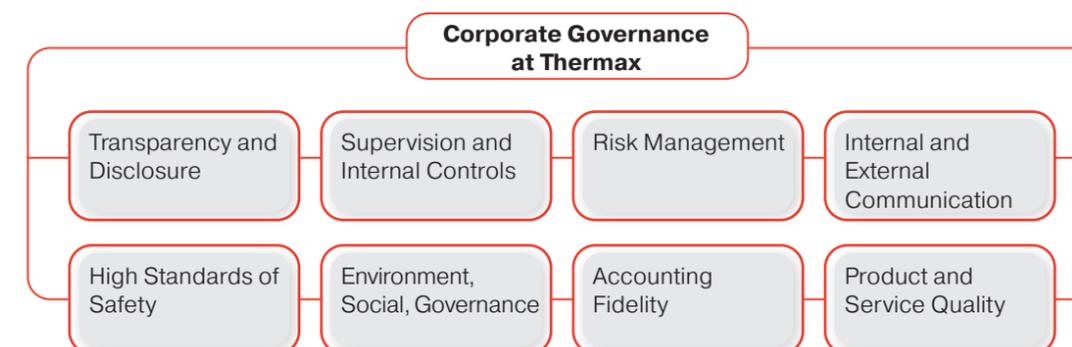
2. Board of Directors

A. Composition of the Board

The Company believes that its Board needs to have an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate its functions of governance and management. The Board of your Company comprises 10 directors – one non-executive and non-independent chairperson, one non-executive director, one executive director and seven independent directors (out of whom one is independent woman director). This is in conformity with the requirement of Regulation 17 of the Listing Regulations. The Board periodically evaluates the need for change in its size and composition.

None of the directors on the Board holds directorships in more than 10 public companies or serves as a Director or as Independent Director (ID) in more than seven listed entities. No Executive Director serves as an ID in more than three listed entities.

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022, have been made by the Directors.



The table below gives the composition of the Board and *inter alia*, the directorships held by each of the directors of the Company at the end of Financial Year 2021-22.

Name of the Director	Pecuniary or Business Relationship with the Company	Number of Directorships [®]	Committee Position [#]		Number of Shares held in the Company
			Chairperson	Member	
NON-EXECUTIVE PROMOTER					
Meher Pudumjee	None except*	2	0	1	-
Pheroze Pudumjee	None except*	1	1	2	6,000
INDEPENDENT					
Dr. Valentin A. H. von Massow	None	1	0	0	-
Dr. Jairam Varadaraj	None	10	1	6	-
Nawshir Mirza	None	2	2	2	189
Harsh Mariwala	None	6	0	1	-
S. B. (Ravi) Pandit	None	3	0	2	-
Rajani Kesari	None	3	0	2	-
Dr. Ravi Gopinath [^]	None	1	0	0	-
EXECUTIVE					
Ashish Bhandari	N.A.	3	0	1	-

[®] Includes only listed companies (including Thermax Limited) and unlisted public companies.

[#] Includes only Audit Committee and Stakeholders' Relationship Committee.

^{*} During the year, the Company has paid Rs. 15,91,702/- to Meher Pudumjee as rent for premises taken on lease.

The Company has paid Rs. 15,91,702/- to Pheroze Pudumjee, as rent for premises taken on lease and maintained Rs. 18,00,000/- as the security deposit.

The Company has also paid Rs. 28,32,000/- as rent for premises taken on lease and given security deposit of Rs. 35,00,000/- to Anu Aga (promoter and relative of Meher Pudumjee, Chairperson of the Company).

[^] Dr. Ravi Gopinath was appointed as an Additional Independent Director w.e.f. November 10, 2021.

Attendance and Remuneration of each Director during the Financial Year 2021-22

Name of the Director	Whether Attended Last AGM held on August 6, 2021	Total Attendance at Board Meetings	Sitting Fees [*]	Salary and Perquisites	Commission [†]	Total Remuneration
(Amount in Rs.)						
Meher Pudumjee	Yes	6	9,00,000	NA	46,00,000	55,00,000
Dr. Valentin A. H. von Massow	No	6	8,50,000	NA	33,86,000 [®]	42,36,000
Pheroze Pudumjee	Yes	6	11,50,000	NA	23,00,000	34,50,000
Dr. Jairam Varadaraj	Yes	5	10,50,000	NA	18,00,000	28,50,000
Nawshir Mirza	Yes	6	8,50,000	NA	38,00,000	46,50,000
Harsh Mariwala	Yes	6	5,00,000	NA	23,00,000	28,00,000
S. B. (Ravi) Pandit	Yes	6	8,00,000	NA	18,00,000	26,00,000
Rajani Kesari	Yes	5	6,50,000	NA	18,00,000	24,50,000
Dr. Ravi Gopinath	NA	3	1,50,000	NA	7,50,000	9,00,000
Ashish Bhandari [#]	Yes	6	NA	5,24,51,438	1,85,00,000	7,09,51,438

NA = Not applicable

^{*} Sitting fees also include payments for Board-appointed committee meetings

[†] The commission proposed for the year ended March 31, 2022, will be paid subject to deduction of tax, and as per the provisions of the Companies Act, 2013

[®] Euro 40,000 (rate as on March 31, 2022 is Rs. 84.65 per Euro)

The non-executive directors are entitled to reimbursement of expenses incurred in the performance of duties as director.

B. Number of Meetings of the Board held during the Year and the Dates of Meetings

The Board met six times during the financial year 2021-22 on the following dates: May 12, 2021, May 25, 2021, August 05, 2021, November 10, 2021, December 22, 2021, and February 04, 2022. The maximum time gap between any two sequential meetings was not more than 120 days.

C. Confirmation and Certification from Practising Company Secretary

On an annual basis, the Company obtains from each director, details of the Board and Board Committee positions he/she occupies in other companies, and changes, if any, regarding their directorships. The Company has obtained a certificate from M/s. SVD & Associates, Practising Company Secretary, Pune, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.

D. Details of Directorships held in Listed Entities as on March 31, 2022

Sr. No.	Name of Director	Name of Listed Entity	Category
1.	Meher Pudumjee	Thermax Limited	Chairperson & Non-Executive Director
2.	Pheroze Pudumjee	Thermax Limited	Non-Executive Director
3.	Ashish Bhandari	Thermax Limited	Managing Director & CEO
4.	Nawshir Mirza	Thermax Limited	Independent Director
5.	Jairam Varadaraj	Elgi Equipments Limited	Managing Director
		Precot Limited (erstwhile Precot Meridian Limited)	Independent Director
		Magna Electro Castings Limited	Independent Director
		Elgi Rubber Company Limited	Non-Executive Director
		Thermax Limited	Independent Director

Sr. No.	Name of Director	Name of Listed Entity	Category
6.	Dr. Valentin A. H. von Massow	Thermax Limited	Independent Director
7.	Harsh Mariwala	Marico Limited	Chairman & Non-Executive Director
		Kaya Limited	Chairman & Managing Director
		Zensar Technologies Limited	Independent Director
		JSW Steel Limited	Independent Director
		Thermax Limited	Independent Director
8.	S.B. (Ravi) Pandit	KPIT Technologies Limited	Chairperson & Non-Executive Director
		Thermax Limited	Independent Director
9.	Rajani Kesari	Thermax Limited	Independent Director
10.	Dr. Ravi Gopinath	Thermax Limited	Independent Director

E. Disclosure of the Relationship Between Directors inter se

Meher Pudumjee and Pheroze Pudumjee are related to each other.

F. Familiarisation Programme Imparted to Independent Directors

Through the familiarisation programme, the Company intends to achieve the following objectives:

- To apprise the directors about the business model, corporate strategy, nature of the industry, business plans and operations of the Company
- To familiarise them with the Company's financial performance, annual budgets, internal control processes and statutory compliances
- To apprise them about their roles and responsibilities in the Company
- To familiarise them with the Company's vision, values, ethics, and corporate governance practices

The independent directors are provided with necessary documents, business model, annual budgets, significant developments, reports and internal policies to enable

them to familiarise themselves with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments are made at the Board retreat. Quarterly updates on relevant statutory, regulatory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the directors. The details of such familiarisation programme for independent directors are available on the Company's website and can be accessed at: www.thermaxglobal.com.

G. Board Independence

Our definition of 'independence' of directors is derived from Section 149(6) of the Companies Act, 2013 and Regulation 16 of Listing Regulations. The independent directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the directors and on evaluation of the relationships disclosed, supported by a certificate from M/s. SVD & Associates, Practising Company Secretary, Pune, as per the requirement of Regulation 25(8) of the Listing Regulations, the Board confirms that the independent directors fulfil the conditions as specified under Schedule V of the Listing Regulations, 2015 and are independent of the management.

All independent directors have obtained registration certificate pursuant to provision of section 150(3) of the Companies Act, 2013, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2020 from the Indian Institute of Corporate Affairs.

H. Independent Directors' Meeting

During the year under review, the independent directors met twice on August 6, 2021, and December 22, 2021, *inter alia* to review the performance of the Board,

chairperson and non-independent directors of the Company. They also reviewed the quality, quantity, timelines and flow of information between the management and the Board. The meeting was chaired by the Nomination and Remuneration Committee Chairman.

I. Board Evaluation

As a part of the annual Board evaluation, detailed questionnaires were circulated to all the directors. The Nomination and Remuneration Committee (NRC) evaluated the Board's performance and that of its committees. The chairperson of each committee shared the outcome of the evaluation process. The Board conducted an evaluation of independent directors, which included the performance of directors and fulfilment of criteria as specified in SEBI (LODR) (Amendment) Regulations, 2018, and their independence from the management, where the independent directors did not participate.

J. Board Support

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, in the capacity of Secretary of the Committees. The Company Secretary advises/ assures the Board and its Committees on compliance and governance principles and ensures appropriate recording of minutes of the meetings. With a view to leverage technology and reduce paper consumption, the Company has adopted a web-based application for transmitting Board/Committee agenda and pre-reads. The directors of the Company receive the agenda and pre-reads in electronic form through this application, which can be accessed through browsers or other electronic devices. The application meets high standards of security and integrity that are required for storage and transmission of Board/Committee agenda and pre-reads in electronic form.

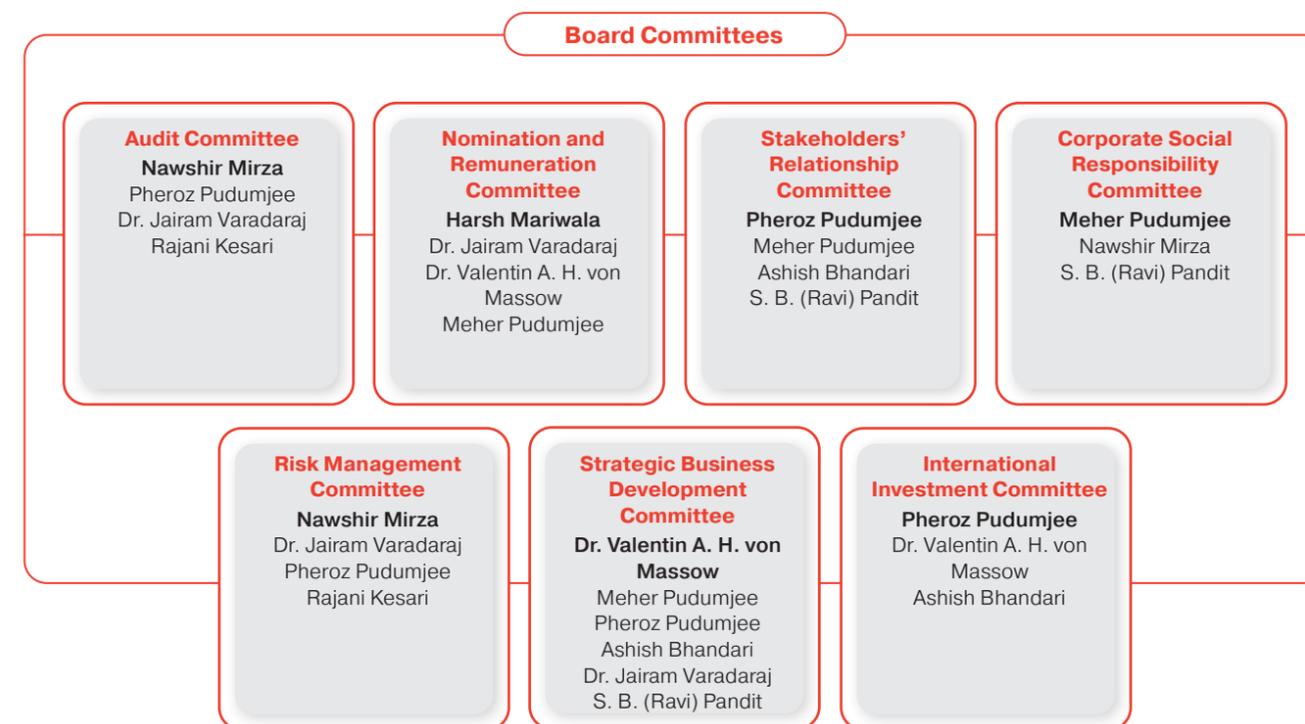
K. Core Skills/Expertise/Competencies Available with the Board

In terms of requirement of Listing Regulations, 2015, the Board has identified the following core skills/expertise/competencies of the directors in the context of the Company's business for effective functioning as given below:

Director	Key Board qualifications / skills / expertise								
	Industry Knowledge	Leadership	Expertise & Experience in Finance	Strategy & Planning	Board Governance	Mergers & Acquisitions	Exposure in Policy Shaping and Industry Advocacy	Sales & Marketing	Technology
Meher Pudumjee	✓	✓	-	✓	✓	-	-	-	-
Pheroze Pudumjee	✓	✓	-	✓	✓	-	-	✓	✓
Ashish Bhandari	✓	✓	✓	✓	✓	✓	✓	✓	✓
Harsh Mariwala	-	✓	✓	✓	✓	✓	-	✓	-
Dr. Valentin A.H. von Massow	✓	-	-	✓	-	-	-	-	-
Nawshir Mirza	✓	✓	✓	✓	✓	✓	✓	✓	-
S.B. (Ravi) Pandit	-	✓	✓	✓	✓	✓	-	-	✓
Dr. Jairam Varadaraj	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rajani Kesari	✓	✓	✓	✓	✓	✓	-	-	✓
Dr. Ravi Gopinath	✓	✓	-	✓	✓	✓	✓	✓	✓

3. Board Committees

The members of the committees are co-opted by the Board. The Board constitutes the committees and defines their terms of reference. The Board at present has seven committees. The composition of the Board Committees as on March 31, 2022 is as under:



A. Audit Committee

The Audit Committee ("the Committee") comprises three independent directors and a non-executive director as on March 31, 2022

1. Nawshir Mirza - Chairman
2. Pheroze Pudumjee

3. Dr. Jairam Varadaraj
4. Rajani Kesari

The Committee met seven times during the Financial Year 2021-22, which is more than the requirement of the Companies Act, 2013 and the Listing Regulations.

Attendance details of the Committee are as follows:

Name of the Member	Committee Meeting Dates							Held during the Tenure	Attended	% of Attendance
	April 13, 2021	May 11, 2021	May 24, 2021	August 4, 2021	September 6, 2021	November 9, 2021	February 3, 2022			
Nawshir Mirza	●	●	●	●	●	●	●	7	7	100%
Pheroze Pudumjee	●	●	●	●	●	●	●	7	7	100%
Dr. Jairam Varadaraj	A	●	●	●	●	●	●	7	6	86%
Rajani Kesari	●	●	●	●	●	●	A	7	6	86%

A-Absent

The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Committee reviews various aspects of internal controls, internal auditors' reports on a regular basis. The Committee also reviews information as per Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The internal auditor presents to the Committee, observations and recommendations arising out of internal audits and also on issues having an impact on the control system and compliance. The Chief Financial Officer, Chief Internal Auditor and the representatives of the Statutory Auditors are permanent invitees and attend all the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

The Board has approved the charter of the Audit Committee defining its role, responsibilities, powers and processes as amended pursuant to the SEBI (LODR) Regulations, 2015. The charter is available on the Company's website: www.thermaxglobal.com.

The terms of the charter broadly include:

- Overseeing the processes that ensure the integrity of financial statements
- Overseeing the processes for compliance with laws and regulations to ensure their effectiveness
- Approving transactions with related parties

- Enquiring into reasons for any default by the Company in honouring its obligations to its creditors and members
- Overseeing the quality of internal accounting and other controls
- Overseeing the quality of financial reporting process, including the selection of accounting policies
- Ensuring the independence of the auditor
- Recommending to the Board the appointment and remuneration of the auditors
- Scrutinising inter-corporate loans and investments
- Monitoring the end use of funds raised through public offers, if any
- Conducting the valuation of any undertaking or asset of the Company
- Structuring the internal audit function and approving the appointment of the Chief Internal Auditor
- Bringing to the notice of the Board any lacunae in the code of conduct
- Reviewing with the CEO and the CFO of the Company the underlying process followed by them in their annual certification to the Board
- Approving the appointment of the CFO
- Recommending to the Board the appointment and remuneration of the secretarial and cost auditors

- Reviewing the utilisation of loans and/or advances from/investment by the holding Company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/advances/investments
- Reviewing compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015
- Verifying that the internal control system to prevent insider trading is adequate and working effectively
- Reviewing various risks identified as part of the risk register of the Company, which are within the scope of the Committee

- Recommend the remuneration of the senior management based on the evaluation
- Evaluate the need for EDs and recommend their appointment
- Identify all critical positions in the Company among the EDs and senior management and review progress of succession plans
- Recommend to the Board, the policy relating to the remuneration of directors and key management personnel
- Lay down criteria for selecting new Non-Executive Directors (NEDs) based on the requirements of the organisation
- Carry out evaluation of the performance of NEDs and define the system for linking it to their remuneration
- Review the succession plan for those NED positions that are likely to be vacant during the year
- Recommend to the Board, the appointment and removal of directors
- Review and approve the annual compensation of the organisation, including a benchmarking with other companies
- Ensure periodic meetings of the senior management with the directors
- Initiate and review employee engagement surveys
- Review and approve the code of conduct for the Company
- Review and approve the disclosures of the Committee in the Annual Report
- Formulate policies and framework related to human resources, including diversity and Environment Social Governance (ESG)
- Responsible for all human resources – white and blue collar
- Review various risks identified as part of the risk register of Company, which are within the scope of the Committee

B. Nomination & Remuneration Committee

The Nomination and Remuneration Committee ("the Committee") comprises three Independent Directors and one Non-Executive Director as on March 31, 2022:

1. Harsh Mariwala - Chairman
2. Dr. Jairam Varadaraj
3. Dr. Valentin A.H. von Massow
4. Meher Pudumjee

The Committee met four times during the Financial Year 2021-22 on May 11, 2021, October 18, 2021, January 12, 2022 and March 10, 2022 where all the members were present at the meeting.

The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Committee oversees key processes through which the Company recruits new members to its Board and the processes through which the Company recruits, motivates and retains outstanding senior management as well as the Company's overall approach to human resources management.

The broad terms of reference of the Committee are:

- Evaluate the performance, including the extension of contracts of Executive Directors (EDs). The NRC would set the performance measures of EDs and evaluate their performance annually
- Recommend the remuneration for the EDs based on evaluation
- Evaluate the performance of senior management (one level below the EDs), including their employment extensions

Details of Remuneration:

- **Non-Executive Directors**
In recognition of the contribution by the NEDs, especially in adherence to the corporate governance policies and practices, the Board had adopted guidelines to remunerate the directors by way of commission.

The Committee of the Board has framed a policy on selection and appointment of directors and their remuneration. Based on the recommendation of the NRC, the Board has approved the policy, which forms the basis for the remuneration of directors for the Financial Year 2021-22. The policy broadly consists of:

- Criteria for selection and appointment of directors and their remuneration
- Method of performance evaluation

As per the policy, the non-executive directors, apart from receiving sitting fees for attending Board/ Committee meetings, will be entitled to receive a commission on the net profits of the Company.

The Committee may recommend payment of commission on a uniform basis or may recommend higher commission to directors who are the chairman of the Board or other committees, taking into consideration the higher responsibilities taken by them.

Furthermore, as per the policy, the Committee, while determining the quantum of commission, may consider membership of the directors on the committees and their attendance at various meetings.

Based on the above and the recommendation of the Committee, the Board has approved the payment of remuneration to the directors.

Managing Director & CEO

The Company's Board at present comprises one Executive Director, Ashish Bhandari, who was appointed as Managing Director & CEO effective September 1, 2020, for a period of five years.

His remuneration is governed by the agreement dated February 4, 2020, with the Company, which has been approved by the Board of Directors and the shareholders. The remuneration broadly comprises fixed and variable components, i.e. salary, allowances, perquisites and other benefits. The variable component comprises a performance bonus. The Committee has recommended a remuneration policy for appointment of directors and their remuneration which has been approved by the Board. As per the policy, while determining remuneration payable to the Managing Director & CEO, the following factors are considered:

- The clarity of the relationship between remuneration and performance
- Balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals
- Responsibilities required to be shouldered by the Managing Director & CEO as per industry benchmarks and current trends
- Performance of the Company vis-à-vis the annual budget and individual performance vis-à-vis the KRAs / KPIs

C. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee ("the Committee") comprises one independent director and two non-executive directors and an executive director as members as on March 31, 2022:

- Pheroze Pudumjee - Chairman
- Meher Pudumjee
- Ashish Bhandari
- S.B. (Ravi) Pandit

Attendance details of the Committee are as follows:

Name of the Member	Stakeholders' Relationship Committee Meetings				Held during the Tenure	Attended	% of Attendance
	May 7, 2021	August 2, 2021	November 3, 2021	January 28, 2022			
Pheroze Pudumjee					4	4	100%
Meher Pudumjee					4	4	100%
Ashish Bhandari					4	4	100%
S.B. (Ravi) Pandit			A		4	3	75%

A-Absent

The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The broad terms of reference of the Committee are:

- To approve and register transfer and/or transmission of shares
- To approve dematerialisation and rematerialisation of the Company's shares
- To affix or authorise affixing of the common seal of the Company on the share certificates
- To look into the shareholders/investors/debenture holders/security holders grievances and redress them
- To review measures taken for effective exercise of voting rights by shareholders
- To review adherence to the service standards adopted by the listed entity with respect to various services being rendered by the Registrar & Share Transfer Agent
- To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company
- To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers

The Committee reviews the performance of KFin Technologies Limited, the Company's Registrar and Transfer Agent (RTA) and also recommends measures for overall improvement for better investor services. The Committee specifically looks into complaints of shareholders and investors pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of dividend, etc.

Procedure of Share Transfer/Transmission and Transposition

The Board has empowered the Stakeholder Relationship Committee to, *inter alia*, approve share transfers, transmission, transposition, dividend payments and all other investor-related activities.

Further, the Stakeholder Relationship Committee has delegated powers to the director(s) / officials of the Company to deal with the Investor Service Requests received by the Company or its RTA.

Summary of Complaints during FY 2021-22

Nature	Opening Balance	Received	Resolved	Closing Balance
Non-receipt of dividend	Nil	2	2	Nil
Non-receipt of share certificate after transfer/consolidation/transmission exchange/split/merger	Nil	0	0	Nil
Letters from statutory authorities	Nil	0	0	Nil
Total	Nil	2	2	Nil

Shares Transferred to IEPF

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF rules), dividends not encashed/claimed within seven years from the date of declaration are to be transferred along with relevant shares, to the Investor Education and Protection Fund (IEPF) authority.

Members can claim such transferred dividend/shares from the IEPF authority.

In accordance with the IEPF rules and its amendments, the Company has sent notices to all the shareholders whose shares were due to be transferred to IEPF authority. Simultaneously, an advertisement was published in the newspapers.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016/Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, a total of 7,896 shares of 25 shareholders of the Company were transferred on September 27, 2021 to the IEPF.

Compliance Officer

During the year Kedar P. Phadke, ceased to be a Company Secretary, KMP and Compliance Officer of the Company with effect from August 19, 2021, due to his sudden demise.

Further, Ms. Janhavi Khele, a qualified Company Secretary (Membership No. A20601), was appointed as the Company Secretary, Compliance Officer & Key Managerial Person (KMP) of the Company, with

effect from September 1, 2021. She also carried out the responsibility of a Compliance Officer during the intermittent period from August 19, 2021 to August 31, 2021.

D. Corporate Social Responsibility (CSR) Committee

The CSR Committee ("the Committee") comprises two independent directors and a non-executive director as members as on March 31, 2022:

1. Meher Pudumjee - Chairperson
2. Nawshir Mirza
3. S.B. (Ravi) Pandit

The Committee met twice during the Financial Year 2021-22 dated April 13, 2021, and September 23, 2021, where all the members were present at the meeting.

The constitution of the Committee meets the requirements of Section 135 of the Companies Act, 2013.

The broad terms of reference of this Committee are:

- Formulate and recommend a CSR policy to the Board
- Recommend the amount of expenditure to be incurred on different CSR activities
- Institute a transparent monitoring mechanism for the implementation of CSR projects or programmes or activities undertaken by the Company
- Review the CSR policy of the Company every two or three years

E. Risk Management Committee

The Risk Management Committee ("the Committee") comprises three independent directors and a non-executive director as on March 31, 2022:

1. Nawshir Mirza - Chairman
2. Pheroze Pudumjee
3. Dr. Jairam Varadaraj
4. Rajani Kesari

The committee met twice during the Financial Year 2021-22 on June 23, 2021 and December 20, 2021 where all the members were present at the meeting.

The constitution of the Committee meets the requirements of Regulation 21 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The purpose of the risk management committee is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The detailed terms of reference of the Risk Management Committee are as below:

- To assess the risks facing the business and the mitigation measures taken thereof
- To identify developments in the environment or in internal operating processes that could materially affect the profile of risks
- To assist the Board in identifying existential risks and reviewing the mitigation and elimination plans for those
- To assess and examine the status of cyber security of the Company
- To report annually to the Board on its working
- Recommend to the Board policy for hedging commodity risk

F. Strategic Business Development Committee

The primary objective of the Strategic Business Development Committee ("the Committee") of the Board is to review and guide the strategic initiatives of the Company.

The Committee comprises three independent directors, two non-executive directors and an executive director as on March 31, 2022:

1. Dr. Valentin A.H. von Massow - Chairman
2. Pheroze Pudumjee
3. Meher Pudumjee
4. Dr. Jairam Varadaraj
5. Ashish Bhandari
6. S.B. (Ravi) Pandit (w.e.f. May 5, 2021)

Attendance details of the Committee are as follows:

Name of the Member	Strategic Business Development Committee Meetings					Held during the Tenure	Attended	% of Attendance
	Committee Meeting Dates							
	May 5, 2021	May 18, 2021	July 29, 2021	October 19, 2021	January 25, 2022			
Dr. Valentin A.H. von Massow	●	●	●	●	●	5	5	100%
Pheroze Pudumjee	●	●	●	●	●	5	5	100%
Meher Pudumjee	●	●	●	●	●	5	5	100%
Dr. Jairam Varadaraj	●	A	●	●	●	5	4	80%
Ashish Bhandari	●	●	●	●	●	5	5	100%
S.B. (Ravi) Pandit	●	●	●	●	●	5	5	100%

A-Absent

The broad terms of reference of the Committee are:

- Review and recommend corporate strategy, including corporate brand and M&A
- Selectively review and direct SBU, subsidiary and JV level strategies as well as selective SBU plans and business initiatives
- Initiate and impart guidance on best practices across the Board e.g. manufacturing, new markets, branding, etc.
- Review the key strategic performance indicators and milestones established by the Company
- Review various risks identified as part of risk register of Company, which are within the scope of the Committee

G. International Investment Committee

The International Investment Committee ("the Committee") comprises an independent director, a non-executive director and an executive director as on March 31, 2022:

1. Pheroze Pudumjee - Chairman
2. Dr. Valentin A.H. von Massow
3. Ashish Bhandari

The committee met twice during the Financial Year 2021-22 on August 3, 2021 and February 3, 2022 where all the members were present at the meeting.

The broad terms of reference of the Committee are:

- Monitor and review the performance with respect to the purpose and intent of business objectives
- Review human resources development and requirements
- Review of business operations and strategy implementation of new ventures/businesses
- Approval of appointment of Board members

- Formulate strategies with respect to overseas initiatives (including setting up of a company/office and acquisition/takeover/amalgamation)
- Review annual performance of international operations
- Review the strategic business plan annually

4. Annual General Meeting

A. The details of the last three Annual General Meetings (AGMs) of the Company are as follows:

Financial Year	Date	Venue	Time
2018-19 (38 th AGM)	August 8, 2019	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411 007	4:00 p.m.
2019-20 (39 th AGM)	August 12, 2020	Through Video Conferencing	4:00 p.m.
2020-21 (40 th AGM)	August 6, 2021	Through Video Conferencing	4:00 p.m.

B. Postal Ballot

The Company had sought the approval of the shareholders by way of a special resolution through notice of postal ballot dated November 10, 2021, for:

1. Grant of stock options to the employees of the Company under 'Thermax Limited Employee Stock Option Plan 2021'
2. Grant of stock options to the employees of group company(ies) of the Company, including subsidiary or its associate company(ies) under 'Thermax Limited Employee Stock Option Plan 2021'

The results were announced on January 14, 2022. Mr. S.V. Deulkar (FCS: 1321 CP: 965), failing him Mr. Sridhar Mudaliar (FCS: 6156 CP: 2664), partners of M/s. SVD & Associates, were appointed to scrutinise the postal ballot process held by voting through electronic means (remote e-voting) in a fair and transparent manner.

Description of the Resolutions		Grant of stock options to the employees of the Company under 'Thermax Limited Employee Stock Option Plan 2021'	Grant of stock options to the employees of group company(ies) of the Company, including subsidiary or its associate company(ies) under 'Thermax Limited Employee Stock Option Plan 2021'
Votes in favour of the resolution	Number of members voted	154	151
	Number of valid votes cast (shares)	9,57,91,545	9,57,91,470
	Percentage of total number of valid votes cast	93.45%	93.45%
Votes against the resolution	Number of members voted	87	90
	Number of valid votes cast (shares)	67,17,501	67,17,576
	Percentage of total number of valid votes cast	6.55%	6.55%
Invalid votes	Total number of members whose votes were declared invalid	13	13
	Total number of invalid votes cast (shares)	29,184	29,184
	Percentage of total number of invalid votes cast	0.00%	0.00%

Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Section 110 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, and other applicable rules read with General Circular no. 39/2020 dated December 31, 2020 (in continuation of circular no. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, and 33/2020 dated September 28, 2020, issued by the Ministry of Corporate Affairs, Government of India and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (in continuation of circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020) issued under Regulation 101 (SEBI Circulars) and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No special resolution is proposed to be conducted through postal ballot as on the date of this report.

C. Special Resolution(s) Passed

The details of special resolution/s passed during the last three Annual General Meetings are as under:

Date of Annual General Meeting	Details of Special Resolution
August 8, 2019	a. Re-appointment of Dr. Jairam Varadaraj as an Independent Director b. Re-appointment of Nawshir Mirza as an Independent Director c. Re-appointment of Dr. Valentin A.H. von Massow as an Independent Director
August 12, 2020	No special resolution was passed
August 6, 2021	a. Re-appointment of Harsh Mariwala as an Independent Director

5. Means of Communication

- The Company publishes the quarterly and yearly financial results in prominent English and regional language newspapers. The same are also displayed on its website.
- The Company's corporate website: www.thermaxglobal.com provides comprehensive information regarding the Company's business portfolio, including CSR activities. The quarterly and yearly financial results are available in downloadable format for investors' convenience on the Company's website. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- Transcripts of teleconferences with analysts are available on the website of the Company.
- The official news releases of the Company are displayed on its website.
- Presentations made to the institutional investors / analysts after the declaration of the financial results are submitted to the Stock Exchanges where Company's securities are listed, and the same are also available on the Company's website: www.thermaxglobal.com.

6. Shareholder Information

A. 41st Annual General Meeting for FY 2021-22

Date and time	Tuesday, August 2, 2022 at 4:00 p.m.
Venue	Through Video Conferencing

B. Financial Calendar

The financial results for FY 2021-22 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2021	August 5, 2021	August 5, 2021
Quarter ended September 2021	November 12, 2021	November 10, 2021
Quarter ended December 2021	February 4, 2022	February 4, 2022
Year ended March 2022	May 19, 2022	May 20, 2022

For FY 2022-23, the indicative announcement dates are:

Results for the quarter ended June 2022	August 2, 2022
Results for the quarter ended September 2022	November 10, 2022
Results for the quarter ended December 2022	February 8, 2023
Results for the year ended March 2023	May 17, 2023
Record date for payment of dividend subject to approval of shareholders	July 22, 2022
Dividend payment date	August 8, 2022

Listing on Stock Exchanges	Stock Code
National Stock Exchange of India Ltd. (NSE)	THERMAX EQ
BSE Ltd. (BSE)	500411
International Security Identification No. for Equity Shares (ISIN) in NSDL and CDSL	INE 152A01029
Corporate Identity No. (CIN)	L29299PN1980PLC022787

The Company has paid listing fees to BSE and NSE and custodial fees to Central Depositories Services (India) Limited and National Securities Depository Limited for Financial Year 2022-23 on the basis of number of beneficial accounts maintained by them, as on March 31, 2022.

C. Stock Data

(Amount in Rs. per share)

Month	MKT QUOTE – NSE		MKT QUOTE – BSE	
	High	Low	High	Low
April 2021	1,518.85	1,270.00	1,520.75	1,262.25
May 2021	1,577.55	1,381.05	1,550.00	1,381.10
June 2021	1,570.00	1,370.00	1,569.70	1,369.50
July 2021	1,535.00	1,372.00	1,544.15	1,388.75
August 2021	1,437.00	1,286.95	1,435.55	1,288.35
September 2021	1,499.00	1,350.10	1,496.10	1,350.30
October 2021	1,440.00	1,302.00	1,438.00	1,306.65
November 2021	1,895.00	1,330.00	1,895.20	1,330.65
December 2021	1,943.80	1,551.55	1,944.80	1,551.25
January 2022	2,157.95	1,776.65	2,155.55	1,757.60
February 2022	2,174.80	1,651.00	2,174.00	1,653.00
March 2022	2,149.00	1,760.10	2,138.95	1,755.00

Stock Performance



Note: The Company's share price and indices have been indexed to 100 as on the first working day of the Financial Year 2021-22 i.e. April 1, 2021.

D. Registrar and Share Transfer Agent

KFin Technologies Limited
(erstwhile known as KFin Technologies Private Limited)
Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032.
Tel: 040-67162222 / 79611000
Fax: 040-23001153
Toll free: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

E. Share Transfer System

SEBI, effective April 01, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in physical mode to dematerialise their shares. Shareholders holding shares in dematerialised mode have been requested to register their email address, bank account details and mobile number with their depository participants. Those holding shares in physical mode have been requested to furnish their email address, bank account details and mobile number with the Company's RTA, at einward.ris@kfintech.com. Updating all the relevant information will enable shareholders to receive dividends and communications on time.

F. Mandatory Furnishing of PAN, KYC Details and Nomination by Holders of Physical Securities

Pursuant to SEBI Circular dated November 3, 2021, it has been made mandatory for all holders of physical shares to furnish / update the PAN, nomination, contact details, bank account details and specimen signature with the Company's RTA i.e. M/s KFin Technologies Limited.

The SEBI, vide the aforesaid circular, also specified the formats for physical shareholders for raising the requests, with regard to registration or changes / updation of PAN, KYC, nomination and for banker's attestation in the event of a major mismatch in the signature of the shareholder. All the formats are available on the Company's website i.e. <https://www.thermaxglobal.com/download-forms/>.

The shareholders are requested to please note that:

- W.e.f. 01.01.2022, any service request will be entertained by the Company's RTA only upon registration / updation of PAN, KYC, and nomination details.
- The folios in which PAN / KYC / nomination details are not available/updated, will be frozen by the Company's RTA w.e.f. 01.04.2023
- The folios in which PAN is not linked to Aadhaar as on 31.03.2022 or any other date as may be specified by the Central Board of Direct Taxes, will also be frozen by the Company's RTA.
- After 31.12.2025, the frozen folios shall be referred by RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.

Accordingly, the Company has sent reminders to those shareholders whose KYC details were not available.

Hence, all the physical shareholders are requested to update PAN, KYC details, and nomination with the Company's RTA. Shareholders holding shares in dematerialised mode are requested to provide these details to their depository participants.

G. Distribution of Shareholding and Shareholding Pattern

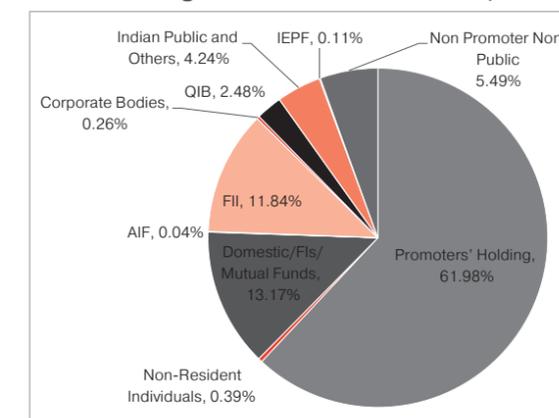
Distribution of Shareholding as on March 31, 2022

Sr. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 5000	34,756	98.76	36,34,814	3.05
2	5001 - 10000	134	0.38	4,78,669	0.40
3	10001 - 20000	80	0.23	5,79,942	0.49
4	20001 - 30000	36	0.10	4,30,263	0.36
5	30001 - 40000	18	0.05	3,19,193	0.27
6	40001 - 50000	14	0.04	3,07,596	0.26
7	50001 - 100000	44	0.13	16,68,497	1.40
8	100001 & Above	109	0.31	11,17,37,326	93.77
TOTAL		35,191	100.00	11,91,56,300	100.00

Category of Equity Shareholders as on March 31, 2022

Category	No. of Shares held	% of Share holding
(A) Promoters' Holding		
1. Individuals	6,000	-
2. Corporate bodies	7,38,49,305	61.98
(A) Total Shareholding of Promoters	7,38,55,305	61.98
(B) Non-Promoters' Holding		
1. Mutual funds, banks, financial institutions, insurance companies, etc.	1,56,94,464	13.17
2. Foreign Institutional Investors (FII)	1,41,03,393	11.84
3. Corporate bodies	3,06,532	0.26
4. Non-resident individuals	4,75,309	0.39
5. Indian public and others	50,49,514	4.24
6. IEPF	1,32,749	0.11
7. Qualified Institutional Buyer (QIB)	29,49,526	2.48
8. Alternative Investment Fund (AIF)	48,068	0.04
(B) Total Public Shareholding	3,87,59,555	32.53
(C) Non-Promoter Non-Public	65,41,440	5.49
Total (A)+(B)+(C)	11,91,56,300	100.00

Shareholding Pattern as on March 31, 2022



H. Details of Dematerialisations

The Company's equity shares are under compulsory demat trading for all categories of investors. A total of 11,89,66,015 shares have been dematerialised as on March 31, 2022, representing 99.84% of the total equity capital.

I. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Company has not issued GDRs/ADRs/warrants or any convertible instruments.

J. Foreign Exchange Risk and Hedging Activities

To mitigate the risk, the Company has a well-defined policy of hedging, which is founded on the principle of prudence.

K. Plant Locations of Thermax Group

Domestic	
Pune	Solapur
<ul style="list-style-type: none"> D-13, MIDC Industrial Area, R. D. Aga Road, Chinchwad, Pune - 411 019, Maharashtra. 98-99, Bhosari MIDC Industrial Area, Bhosari, Pune - 411 026, Maharashtra. D-1 Block, MIDC Industrial Area, Chinchwad, Pune - 411 019, Maharashtra. 	<ul style="list-style-type: none"> Plot No. T-1 MIDC, Chincholi, Taluka Mohol, Dist. Solapur - 413 255, Maharashtra. Shirwal Plot No. A-2 & A-3, Khandala Industrial area, Phase 1, MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara - 412802, Maharashtra.

Paudh At Paudh, Post Mazgaon, Taluka Khalapur, Dist. Raigad - 410 206, Maharashtra.	Savli Plot No. 21/1-2-3, GIDC Manjusar, Taluka-Savli, Dist. Vadodara - 391 775, Gujarat.
Mundra SEZ Survey No. 169, Village Dhruh, Taluka Mundra, Mundra - 370421, Dist. Kutch, Gujarat.	Jhagadia Plot No. 903/1, GIDC, Jhagadia Industrial Estate, Jhagadia - 393 110, Dist. Bharuch, Gujarat.
Dahej Plot No. Z/96/C, Dahej SEZ, Phase-II, Taluka Vagra Dist. Bharuch - 392 130, Gujarat.	Sri City 2700, Peepul Boulevard Sricity DTZ Andhra Pradesh - 517 646.
International	
Danstoker A/S Industrvej Nord 13 DK-7400 Herning, Denmark	PT Thermax International Indonesia Jl. Eropal Kav P2 KIEC, Cilegon-Banten, Indonesia
Danstoker Poland SP.ZO.O. ul. Kolejowa, nr 20, lok. miejsc. Ostrowiec Swietokrzyski, kod 27-400, Poczta Ostrowiec Swietokrzyski, Kraj Polska	RIFOX - Hans Richter GmbH Spezialarmaturen, Bertha-von-Suttner-Str. 9, 28207 Bremen, Germany

L. Address for Correspondence

Investors should address their correspondence to the Company's Registrar and Transfer Agent, KFin Technologies Limited (erstwhile KFin Technologies Private Limited), whose address has been provided at (D) above.

Shareholders holding shares in dematerialised form should address their queries, such as a change in bank account details, address, nomination etc., to their respective depository participants (DPs).

Queries relating to the Annual Report may be addressed to:

The Company Secretary,
Thermax Limited,
Thermax House, 14, Mumbai-Pune Road,
Wakdevadi, Pune - 411 003.
Email: cservice@thermaxglobal.com

7. Other Disclosures

A) Related Party Transactions

Related party transactions during the year have been disclosed as a part of financial statements as required under Ind-AS 24 issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions. The Related Party Transactions Policy, as updated in pursuance of SEBI (LODR) Regulations, 2015 has

been uploaded on the website of the Company: www.thermaxglobal.com

B) D&O Insurance for Directors

In line with the requirements of Regulation 24(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its directors and members of the senior management for such quantum and for such risks as determined by the Board.

C) Details of any Non-Compliance w.r.t. Capital Markets during the Year

During the previous three years, there were no instances of non-compliance by the Company or penalties, strictures imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter related to capital markets.

D) Whistleblower Policy/Vigil Mechanism

The Board has adopted a Whistleblower Policy to promote reporting of any unethical or improper practice or violation of the Company's code of conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives a platform to the whistleblower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The Company has assigned e-mail IDs - tlgovernance@gmail.com or nhm@nawshirmirza.com for reporting or sending a written complaint to the chairperson or the managing director. The Whistleblower Policy is available on the website of the Company. The confidentiality of such reporting is maintained and the whistleblower is protected from any discriminatory action.

E) Board Diversity Policy

The policy sets out the approach to diversity on the Board of the Company. The policy was adopted at the Board meeting held on June 18, 2020. The policy is available on the website of the Company: www.thermaxglobal.com

F) Insider Trading Policy

The policy provides the framework to deal with securities of the Company. The Insider Trading Policy was amended in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations,

2019. The policy is available on the website of the Company: www.thermaxglobal.com

G) Dividend Distribution Policy (DDP)

The Company adopted the DDP effective February 8, 2017. There has been no change in the policy during the year, and the same is disclosed on the Company's website: www.thermaxglobal.com.

H) Policy for determining material subsidiaries is disclosed on the website of the Company: www.thermaxglobal.com.

I) The Company has adopted the Policy of Determination of Materiality for Disclosures, and the same is disclosed on the website of the Company: www.thermaxglobal.com.

J) The Company has adopted a Policy on Archival and Preservation of Documents, and the same is disclosed on the website of the Company: www.thermaxglobal.com.

K) The Company has complied with the Corporate Governance requirements as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

L) The Company has not raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A).

M) There was no recommendation that has been proposed by the committees, which has not been approved by the Board.

N) Details of Remuneration Paid to the Statutory Auditors:

The details of total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the statutory auditors are as follows:

(Amount in Rs.)	
Payment to Statutory Auditors and its Network Firms	March 31, 2022
As Auditor	
Audit and limited review fee	3,60,63,834
In Other Capacity	
Other services	28,86,080
Reimbursement of expenses	2,43,752
Total	3,91,93,666

O) Disclosure in Relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

P) Disclosure of 'Loans and Advances in the Nature of Loans to Firms/ Companies in which Directors are Interested by Name and Amount'

The details of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount are given in the standalone financial statement in note no. 34 on page no. 296.

8. Non-Mandatory Requirements

The Company has adopted the following discretionary practices as specified under Regulation 27(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

A. The Board

The Chairperson's office is maintained at the Company's expense, which is equipped with all required facilities. The Chairperson is also allowed reimbursement of expenses incurred towards the performance of her duties.

B. Separate Post of Chairperson and CEO

The Company has separate positions of non-executive chairperson and managing director and CEO.

C. Reporting of Internal Auditor

The Chief Internal Auditor of the Company reports directly to the Audit Committee.

ANNEXURE-A

To,
The Shareholders,
Thermax Limited ("the Company"),
Pune

Sub: Compliance with Code of Conduct as per Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has adopted a code of conduct, which deals with governance practices expected to be followed by the Board of Directors and senior management employees of the Company.

I hereby declare that all the directors and senior management employees of the Company have affirmed compliance with the said code of conduct adopted by the Board.

Pune: May 11, 2022

Ashish Bhandari
Managing Director and CEO

ANNEXURE-B

Compliance Certificate as Required Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors,
Thermax Limited, Pune

Dear Sirs,

We hereby certify to the best of our knowledge and belief, that:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022, and that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting, and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of such internal controls, and we have taken the required steps to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee that:
 - i. there have been no significant changes in internal control over financial reporting during the year;
 - ii. there have been no significant changes in accounting policies during the year, and the same has been disclosed in the notes to the financial statements; and
 - iii. there have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system over financial reporting.

For Thermax Limited

Ashish Bhandari
Managing Director & CEO

Rajendran Arunachalam
Group CFO

Date: May 11, 2022
Place: Pune

ANNEXURE-C
Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Thermax Limited
D-13 MIDC Ind. Area,
R D Aga Road, Chinchwad,
Pune - 411 019.

We have examined the relevant registers, records, forms, returns and disclosures received from the directors of Thermax Limited (hereinafter referred to as "the Company"), having CIN - L29299PN1980PLC022787 and having registered office at D-13 MIDC Ind. Area, R D Aga Road, Chinchwad, Pune - 411 019 produced before us by the Company on the email for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors' Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the directors on the Board of the Company as stated below for the financial year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such other statutory authority.

Sr. No.	Name of the Director	DIN	Original Date of Appointment
1	Jairam Varadaraj	00003361	31/01/2003
2	Meher Pheroz Pudumjee	00019581	15/01/2001
3	Pheroz Pudumjee Naswanjee	00019602	15/01/2001
4	Nawshir Hoshang Mirza	00044816	03/05/2011
5	Shashishekhar Pandit Balkrishna	00075861	30/05/2017
6	Harsh Charandas Mariwala	00210342	10/11/2016
7	Valentin Albrecht Herwart von Massow	00239314	31/01/2006
8	Rajani Kesari	02384170	14/11/2018
9	Ashish Bhandari	05291138	18/06/2020
10	Ravi Shankar Gopinath	00803847	10/11/2021

Ensuring the eligibility for the appointment/continuity of every director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates

Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 20, 2022

Peer Review Number: P2013MH075200
UDIN: F006156D000326036

ANNEXURE-D
Independent Auditor's Report on Compliance with the Conditions of Corporate Governance as per Provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as Amended

The Members of Thermax Limited,
Thermax Limited,
Thermax House,
14, Mumbai Pune Road,
Wakdewadi,
Pune - 411 003

- The Corporate Governance Report prepared by Thermax Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022 as required by the Company for annual submission to the Stock Exchanges.

Management's Responsibility

- The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
- The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

- Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
- We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - Read and understood of the information prepared by the Company and included in its Corporate Governance Report;
 - Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the year;
 - Obtained and read the Directors Register as on March 31, 2022 and verified that at least one women director was on the Board throughout the year;
 - Obtained and read the minutes of the following committee meetings held during the reporting year:
 - Board of Directors meeting;

- (b) Audit Committee;
 - (c) Risk Management Committee;
 - (d) Corporate Social Responsibility (CSR) committee;
 - (e) Annual General meeting;
 - (f) Nomination and remuneration committee;
 - (g) Stakeholders Relationship Committee
 - (h) International Investment committee;
 - (i) Strategic Business Development Committee; and
 - (j) Independent Directors meeting;
- v. Obtained necessary declarations from the directors of the Company;
- vi. Obtained and read the policy adopted by the Company for related party transactions;
- vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the Audit Committee meeting where in such related party transactions have been pre-approved prior by the Audit Committee; and

8. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

Other Matters and Restriction on Use

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal

Partner
Membership Number: 501160
UDIN: 22501160AJHQYC3072

Place: Pune
Date: May 20, 2022

Annexure-2 to the Directors' Report

Business Responsibility Report

Section A: General Information About The Company

1	Corporate Identity Number (CIN) of the Company	L29299PN1980PLC022787
2	Name of the Company	Thermax Limited
3	Registered Address	D-13, MIDC, Industrial Area, R D Aga Road, Chinchwad, Pune – 411 019
4	Website	www.thermaxglobal.com
5	E-mail id	cservice@thermaxglobal.com
6	Financial year reported	FY 2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	25131: boilers and heaters, absorption chillers/heat pumps, power plants, solar equipment, and related services 37003 : air pollution control equipment/systems, water and wastewater treatment plants, recycling plants, and related services 20119: ion exchange resins, performance chemicals, construction chemicals, oil field chemicals and related services
8	List three key products/services that the Company manufactures/provides (as in the balance sheet)	1. Energy Segment – 70.8% (boilers and heaters, absorption chillers/heat pumps, process cooling equipment, project and energy solutions, renewable energy solutions, and specialised services) 2. Environment Segment – 20.6% (air pollution control equipment/systems, water & waste solutions, and related services) 3. Chemical – 8.6% (ion exchange resins, performance chemicals, water and fuel treatment chemicals, construction chemicals, oil field chemicals)
9	Total number of locations where the Company undertakes business activity	International - 4 manufacturing locations National - 10 manufacturing locations
	Number of international locations (provide details of major 5)	The Company has manufacturing facilities in Germany, Denmark, Poland and Indonesia
	Number of national locations	Pune (2), Shirwal, Solapur, Savli, Paudh, Jhagadia, Mundra SEZ, Dahej and Sri City
10	Markets served by the Company – local/ state/national/international	National and International

Section B: Financial Details of the Company

1	Paid-up capital	Rs. 22.52 crore
2	Total revenue	Rs. 6,128 crore
3	Total profit after taxes	Rs. 312 crore
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit before tax pursuant to Section 198	2% (Rs. 7.54 crore)
5	List of activities in which expenditure in the above 4 have been incurred	<p>Thermax created a formal structure named 'Thermax Foundation' to conceive and implement its CSR programme. The Company has been focussing predominantly in the area of education for economically underprivileged children. Apart from education, Thermax addresses social discrimination through affirmative action, skill development and employability initiatives. The primary areas in which the expenditure has been incurred include:</p> <ol style="list-style-type: none"> 1. The School Project 2. Akanksha Alumni Project 3. iTeach Project to Support Teach for India Alumni 4. CSR at Thermax Factory Locations and Social Compact (SoCo) initiative

Section C: Other Details

1	Does the Company have any subsidiary company/companies?	Yes, Thermax has 32 subsidiaries and associate companies in India and abroad as on March 31, 2022
2	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, 8 domestic subsidiaries and 4 international subsidiaries
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]	No

Section D: BR Information

1	Details of director/directors responsible for BR	
(a)	Details of the director/directors responsible for the implementation of the BR policy/policies	
1	DIN Number	05291138
2	Name	Ashish Bhandari
3	Designation	Managing Director & CEO
(b)	Details of the BR head	
No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Jasmeet Bhatia
3	Designation	Chief Human Resources Officer
4	Telephone number	020 - 66051200
5	E-mail id	Jasmeet.Bhatia@thermaxglobal.com

1 Principle-wise (as per NVGs) BR Policy/Policies

A	Details of compliance (Reply in Y/N)										
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1	Do you have a policy/policies for...	Yes									
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes									
3	Does the policy conform to any national/international standards? If yes, specify (50 words)	Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO, ILO (International Labour Organisation), and OHSAS									
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes	The policies have been signed by appropriate authorities								
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Copies will be made available on www.thermaxglobal.com									
6	Indicate the link for the policy to be viewed online?	Yes									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes									
8	Does the Company have an in-house structure to implement the policy/ policies?	Yes									
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, all our policies and procedures are continuously evaluated by internal auditors									

2 Governance Related to BR

A	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. [Within 3 months, 3-6 months, annually, more than 1 year]	Annually by the Board Quarterly by the CEO
B	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes The BRR is a part of the Annual Report and is available on the Thermax website: www.thermaxglobal.com

Section E: Principle-wise Performance

Principle 1 – Ethics, Transparency and Accountability

Company's Philosophy on Corporate Governance

Refer to the Business Model on page no. 18 and Corporate Governance Report on page no. 87.

Whistle Blower Policy / Vigil Mechanism

Refer to the Human Capital inputs and outputs in the Business Model section on page no. 18.

Shareholder Complaints Redressal Mechanism

The Company has not received any complaints from shareholders as on March 31, 2021.

Principle 2 – Product Life Cycle Sustainability

Sustainable Product Innovation

Refer to the Intellectual Capital section on page no. 36 and Manufactured Capital section on page no. 34.

Resource Used – Energy Consumption

Refer to the Natural Capital section on page no. 50.

Sustainable Sourcing

Refer to the Social and Relationship Capital section on page no. 44.

Recyclable Products and Waste

All the manufacturing facilities of Thermax have an Environment Management System (EMS) in place and are ISO 14001:2015 certified. Waste management practices are in line with EMS where the waste is segregated into hazardous and non-hazardous categories. Hazardous waste is disposed as per legal requirements. E-waste is recycled through a Central Pollution Control Board (CPCB) registered recycler. Other types of wastes, wherever possible, are recycled or reused.

Principle 3 – Employee Well-being

Diversity in Employment

Refer to the Human Capital section on page no. 40 and inputs and outputs in the Business Model section on page no. 18.

Employee Association recognised by Management

Thermax has a union of its permanent workmen at Chinchwad, Paudh and Savli locations, and all of them are members of the union at their respective locations.

Safety Training

Refer to Human Capital section on page no. 40.

Principle 4 – Stakeholder Engagement

Refer to the Engaging with Stakeholders section on page no. 24 and Addressing Material Issues section on page no. 26.

Principle 5 – Human Rights

Refer to the Human Capital inputs and outputs in the Business Model section on page no. 18.

Principle 6 – Environment

Refer to the Natural Capital section on page no. 50. There was no pending show cause notice from SPCB/CPCB as on March 31, 2022.

Principle 7 – Policy Advocacy

Thermax is a member of various chambers of trade and associations, where the senior management of the Company represents Thermax and engages in discussions across various topics. Some of these associations include:

- Indo German Chamber of Commerce
- CII's National Committee for Capital Goods & Engineering
- Mahratta Chamber of Commerce, Industries and Agriculture
- Bombay Management Association
- Boilers and Pressure Vessels Sectional Committee, MED01, BIS

Principle 8 – Equitable Development

Refer to the Social and Relationship Capital section on page no. 44.

Principle 9 – Customer Value

Refer to the Communication and Engagement with Stakeholders section on page no. 24.

Refer to the Social and Relationship Capital inputs and outputs in the Business Model section on page no. 19 for:

- % complaints resolved
- No. of complaints relating to unfair trade practices, irresponsible advertising or anti-competitive behaviour against the Company

Annexure-3 to the Directors' Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

[Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

(i) Steps Taken for Conservation of Energy

During the year, the following measures were taken for energy and resource conservation:

a. Electricity

The Company continued its efforts to utilise energy optimally at its manufacturing facilities and office locations in India.

At Chinchwad and Savli, lighting systems were improved by optimising load and switching over to Light Emitting Diodes (LEDs) in workshops. Among the initiatives in Dahej and Jhagadia were the installation of VFDs on the cooling water pump and air dryer, arresting compressed air leaks, and replacing inefficient cooling water pumps with efficient ones. At Chinchwad, a Thyristor-based welding machine was replaced with an inverter-based welding machine.

b. Fuel

At the Dahej plant, the company has initiated the switch from natural gas to biomass, and is planning to commission the project in the next year. At Paudh, initiatives such as improving the steam-to-fuel ratio in boiler operation have resulted in saving of 50.2 MT of furnace oil.

All these measures, including solar rooftop installations, have resulted in an annual saving of Rs. 138 lakh.

c. Water

The Company remains committed to conserving water by recycling wastewater, harvesting rainwater, reducing water consumption, and reducing water losses in all domestic manufacturing and office locations. These efforts at Chinchwad, Savli, Paudh, Solapur, and Shirwal factories have resulted in saving 2,44,761 m³ of water during the year.

(ii) Steps Taken by the Company for Utilising Alternate Sources of Energy:

The Company continues its efforts to utilise alternative sources of energy at the plant and office locations. The Company has initiated purchasing renewable energy through open access at Chinchwad, Paudh and Shirwal plants and has installed solar rooftop capacity of 930 kWp at Sri City this year. A total of 2,172 MWp of solar power will be generated at Savli, Jhagadia, Sri City plants, and Pune offices. This year, the total renewable power generated and consumed was 5.76 lakh units.

B. Technology Absorption

1. Efforts, in Brief, Made Towards Technology Absorption

- The Company initiated the project on methanol production from Indian coal, closely working with the Indian Institute of Technology (IIT) Delhi and NITI Aayog. The project is funded by the Department of Science and Technology, Ministry of Science & Technology, Government of India. The Company has worked on some novel processes for the conversion of Indian coal to methanol. Further, the plant installation and commissioning were completed, and the first batch of methanol was produced in February 2022.
- New applications of multi effect evaporator technology for zero liquid discharge (ZLD) have been stabilised and are being monitored through a remote monitoring system.
- The Company has developed capacitive deionisation (CDI) technology as an alternative to RO-based drinking water treatment. This all-indigenous technology includes the development of advanced electrochemical materials, the coating process, and unique power electronics and embedded controls. The control system has IoT capabilities.

A successful demonstration of five units of 200 L/hr capacity CDI units across India was achieved.

This development will lead to the future business possibility of a CDI system for the Company.

- The Company has developed a thermally activated cooler (TAC) for mobility application that has been integrated on a European coach bus. A THVAC demonstrator bus on a premium European coach was successfully installed as part of THVAC's market deployment strategy. The THVAC integrated coach has been approved for roadworthiness by European regulatory authorities. The THVAC demonstrator bus on-road performance tests yielded impressive fuel savings. A leading Indian bus OEM has shown interest in the THVAC technology and a proof of concept is underway for the latest BS-6 bus.
- In the zero liquid discharge (ZLD) category, the Company has developed a mechanical vapour recompression (MVR) evaporator system. One commercial unit is commissioned, and two are under execution stage in the field. The MEE & MVR series is under development.

2. Benefits Derived as a Result of the Above Efforts – Product Improvement, Cost Reduction, Product Development, Import-Substitution, etc.

- The ZLD systems developed by the Company offer nearly 20% cost-benefit compared to existing technologies
- The MEE for ZLD systems developed by the Company offers nearly 20% cost-benefit compared to existing technologies
- CDI provides cost-effective solution to the drinking water segment with reduced wastage of water. As a result, it reduces overall power consumption by 30% when compared to RO

systems, while CDI reduces water wastage by more than 100% compared to RO

- TAC integrated bus provides direct benefit to the end-user in terms of better fuel economy and thus reduces the TCO. The lesser fuel burned for AC due to TAC contributes to a green environment by reducing CO₂ and carbon footprint. The overall fuel savings amount to 5%.
- Mechanical Vapour Recompression (MVR) is a thermal evaporation system that provides an efficient solution under the ZLD category besides Multi Effect Evaporation (MEE) systems earlier developed. This is a new product line for the company with a USP of 10% lower consumption than the competition.

3. In the Case of Imported Technology (Imported during the Last Three Years Reckoned from the Beginning of the Financial Year), the Following Information is Furnished:

Technology Imported	Year of Import	If Technology has been Fully Absorbed	If not Absorbed, Reasons and Future Plan of Action (FY 2020-21)	If not Absorbed, Reasons and Future Plan of Action (FY 2021-22)
Wet & Dry Flue Gas Desulphurisation (FGD)	2015	In the process of absorption	Your Company has bagged two orders in FY 2019-20. Wet FGD technology will be absorbed to a great extent by the time these orders are executed and commissioned with assistance from the technology partner	Your Company has bagged a total of four orders, and all are under execution. Wet FGD technology will be absorbed to a great extent by the time these orders are executed and commissioned with assistance from the technology partner

4. Expenditure on R&D:

Particulars	Amount in Rs. crore	
	Current Year 2021-22	Previous Year 2020-21
a. Capital	0.12	0.21
b. Recurring	31.25	26.56
c. Total	31.38	26.77
d. Total R&D expenditure as a percentage of turnover	0.5%	0.6%

5. Foreign Exchange Earnings and Outgo:

The Company's operations in export markets are elaborated in the Management Discussion

and Analysis section which is a part of the Directors' Report.

During the year, the Company had net foreign exchange inflow of Rs. 686 crore as against a net inflow of Rs. 610 crore in the previous year.

For and on behalf of the Board

Meher Pudumjee
Chairperson
[DIN 00019581]
Pune, May 20, 2022

Annual Report on CSR Activities and CSR Policy

1. A brief outline on CSR Policy of the Company

The Board of Directors of Thermax Limited, after taking into account the recommendations of the CSR Committee, has approved the CSR Policy for the Company. The highlights of the policy are given in this report and the complete policy is uploaded on the Company's website: www.thermaxglobal.com.

The Company has been focussing predominantly in the area of education of economically underprivileged children. Apart from education, Thermax is also

involved, in a small way, in addressing the issue of social discrimination through affirmative action, skill development and employability initiatives.

Thermax created a formal structure named Thermax Social Initiative Foundation as a Section 25 company (under the erstwhile Companies Act, 1956) in 2007 to design and implement its CSR Programme. In 2015-16, it was renamed Thermax Foundation (TF) and continues to be the primary implementing agency for the Thermax Group.

2. Composition of the CSR Committee

The Committee met two times on April 13, 2021, and September 23, 2021, during the year. Details of the Committee members and meetings attended by the members are as follows:

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of Meetings of the CSR Committee Held during the Year	Number of Meetings of the CSR Committee Attended during the Year
1	Meher Pudumjee	Chairperson	2	2
2	Ravi (S.B) Pandit	Committee Member & Independent Director	2	2
3	Nawshir Mirza	Committee Member & Independent Director	2	2

- Provide the web link where the composition of the CSR committee, CSR policy, and CSR projects approved by the Board are disclosed on the website of the Company
<https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/>
- Provide details of the impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)
Not Applicable
(The Company has voluntarily carried out an impact assessment for 'The School Project', having an outlay of Rs. 5.4 crore as a matter of good governance).
- Details of the amount available for set-off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the amount required for set-off for the financial year, if any
Not Applicable

Sr. No.	Financial Year	Amount Available for Set-off from Preceding Financial Years (in Rs.)	Amount Required to be Set-off for the Financial Year, if any (in Rs.)
			NA

- Average net profit of the Company as per Section 135(5): Rs. 333.01 crore
- Two per cent of average net profit of the Company as per Section 135(5): Rs. 6.66 crore
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable
 - Amount required to be set-off for the financial year, if any: Not Applicable
 - Total CSR obligation for the financial year (7a+7b- 7c): Rs. 6.66 crore
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount Transferred to Unspent CSR Account as per Section 135(6)		Amount Transferred to Any Fund Specified Under Schedule VII as per Second Provision to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
6.66 crore	Nil	-	Nil	-	-

- Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the List of Activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project	Project Duration	Amount Allocated for the Project (in Rs.)	Amount Spent in the Current Financial Year (in Rs.)	Amount Transferred to Unspent CSR Account for the Project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number

NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sr. No.	(2) Name of the Project	(3) Item from the List of Activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the Project		(6) Amount Spent for the Project (in Rs.)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Akanksha Schools (The School Project)	Education	Yes	Maharashtra	Pune	5,40,00,000/-	No	Thermax Foundation	CSR00009825
2.	iTeach (Alumni Project)	Education	Yes	Maharashtra	Pune	28,00,000/-	No	Thermax Foundation	CSR00009825
3.	Lok Bharati (Welders' Training)	Skill Development	No	Gujarat	Savli, Vadodara	17,25,388/-	No	Thermax Foundation	CSR00009825
4.	Lok Bharati (AOCB Training)	Skill Development	No	Gujarat	Dahej, Bharuch	8,67,825/-	No	Thermax Foundation	CSR00009825
5.	Lok Bharati (AOCB Training)	Skill Development	No	Gujarat	Jhagadia, Bharuch	11,41,875/-	No	Thermax Foundation	CSR00009825
6.	Water Management Project	Rural Development	Yes	Maharashtra	Solapur	25,29,616/-	No	Thermax Foundation	CSR00009825
7.	Pragati Welding Project	Skill Development	No	Andhra Pradesh	SriCity	15,00,000/-	No	Thermax Foundation	CSR00009825
8.	Covid Support	Disaster Management	Yes	Maharashtra	Shirwal	20,45,296/-	No	Thermax Foundation	CSR00009825
TOTAL						6,66,10,000/-			

(d) Amount spent on administrative overheads: **Nil**

(e) Amount spent on impact assessment, if applicable: **Not Applicable**

(f) Total amount spent for the financial year : (8b+8c+8d+8e): **Rs. 6.66 crore**

(g) Excess amount for set-off, if any

Sr. No.	Particulars	Amount (in Rs.)
(i)	Two per cent of the average net profit of the Company as per Section 135(5)	6.66 crore
(ii)	Total amount spent for the financial year	6.66 crore
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account Under Section 135(6) (in Rs.)	Amount Spent in the Reporting Financial Year (in Rs.)	Amount Transferred to Any Fund Specified Under Schedule VII as per Section 135(6), if any			Amount Remaining to be Spent in Succeeding Financial Years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of Transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sr. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the Project was Commenced	(5) Project Duration	(6) Total Amount Allocated for the Project (in Rs.)	(7) Amount Spent on the Project in the Reporting Financial Year (in Rs.)	(8) Cumulative Amount Spent at the End of the Reporting Financial Year (in Rs.)	(9) Status of the Project- Completed/ Ongoing
NIL								

10. In case of creation or acquisition of a capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

- (a) Date of creation or acquisition of the capital asset(s): Not Applicable
- (b) Amount of CSR spent for the creation or acquisition of the capital asset: Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.: Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

Ashish Bhandari
(Chief Executive Officer & Managing Director)

Meher Pudumjee
(Chairperson, CSR Committee)

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

Secretarial Audit Report

For the Financial Year Ended March 31, 2022

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

To,
The Members,
Thermax Limited
D-13, MIDC Ind. Area,
R D Aga Road, Chinchwad,
Pune - 411 019

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorised representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022, according to the provisions of:

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2018 **(Not applicable to the Company during the audit period);**
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 up to August 12, 2021. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 with effect from August 13, 2021 (SBEB & SE 2021);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 up to August 15, 2021. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with effect from August 16, 2021 **(Not applicable to the Company during the audit period);**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client **(Not applicable to the Company during the audit period);**
 - g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 up to June 10, 2021. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from June 11, 2021 **(Not applicable to the Company during the audit period); and**

- h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the Company during the audit period).

We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

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

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

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

We further report that,

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period:

1. The voluntary liquidation of Thermax Sustainable Energy Solutions Limited (TSESL), a wholly-owned subsidiary (WOS) of the Company was approved by its shareholders at the Extra Ordinary General Meeting held on April 5, 2021.
2. Special resolution was passed in the Annual General Meeting held on August 6, 2021 for appointment of Mr. Harsh Mariwala as an Independent Director to hold office from November 9, 2021 for a period of five consecutive years up to November 9, 2026. Further, pursuant to Regulation 17(1A) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 and the rules made thereunder, approval of the Company was also accorded to continue the appointment of Mr. Harsh Mariwala, as Independent Director of the Company to hold office from May 14, 2026 up to November 9, 2026 after attaining the age of 75 years.
3. The Company has appointed Ms. Janhavi Khele (Membership No. - ACS 20601) as the Company Secretary, Compliance Officer and Key Managerial Personnel (KMP) of the Company with effect from September 1, 2021 in place of Mr. Kedar P. Phadke, who resigned as the Company Secretary, Compliance Officer and Key Managerial Personnel (KMP) of the Company with effect from close of business hours of August 31, 2021.
4. The Company, at its Board Meeting, held on November 10, 2021, approved the appointment of Mr. Ravi Gopinath as an Additional and Independent Director for a term of five years from November 10, 2021, up to November 9, 2026, subject to the approval of shareholders at the ensuing Annual General Meeting (AGM).
5. The Company, at its Board Meeting, held on November 10, 2021, noted the internal restructuring of the subsidiary and step down subsidiary where Thermax Onsite Energy Solutions Limited (TOESL), a WOS of the Company acquired 100% shares of Thermax Energy & Environment Lanka (Private) Limited (TEELK) which was a stepdown subsidiary of the Company through

another WOS viz. Thermax Engineering Singapore Pte. Ltd. (TESPL).

6. The members of the Company inter alia, through a postal ballot dated January 13, 2022, approved the special resolutions for:
 - a) Grant of stock options to the employees of the Company under 'Thermax Limited Employee Stock Option Plan 2021';
 - b) Grant of stock options to the employees of group Company(ies) of the Company including a subsidiary or its associate Company(ies) under 'Thermax Limited Employee Stock Option Plan 2021'.
7. The Company has entered into a Share Subscription Agreement dated February 07, 2022, to make an investment in ExactSpace Technologies Private Limited (ExactSpace) by subscribing to cumulative

convertible preference shares in one or more tranches. The investment will result in the Company holding up to 15.17% of the share capital of ExactSpace.

For SVD & Associates
Company Secretaries

Sridhar Mudaliar
Partner
FCS No.: 6156
CP No.: 2664

Place: Pune
Date: May 20, 2022

Peer Review Number: P2013MH075200
UDIN: F006156D000325871

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

ANNEXURE-A

To,
The Members,
Thermax Limited
D-13, MIDC Ind. Area
R D Aga Road, Chinchwad,
Pune - 411 019

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

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

For SVD & Associates
Company Secretaries

Sridhar Mudaliar
Partner
FCS No.: 6156
CP No.: 2664

Place: Pune
Date: May 20, 2022

Peer Review Number: P2013MH075200
UDIN: F006156D000325871

Secretarial Audit Report

For the Financial Year Ended March 31, 2022

[Pursuant to section 204 (1) of the Companies Act, 2013, and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Thermax Babcock & Wilcox Energy Solutions Limited
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba
Mumbai - 400 039

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Babcock & Wilcox Energy Solutions Limited (CIN: U29253MH2010PLC204890)** (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and the information provided by the Company, its officers, agents, and authorised representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2022, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder; **(Not applicable to the Company)**
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company)**

4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder; **(Not applicable to the Company)**
5. The following regulations and guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act'); **(Not applicable to the Company)**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company)**
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993; **(Not applicable to the Company)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**
6. Other laws specifically applicable to the Company have substantially complied with.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Not applicable to the Company)**

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

We further report that the Board of Directors of the Company is duly constituted with a proper balance of executive directors and non-executive directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to

all directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions are carried through the majority.

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

For Anurag Vyas & Associates
Company Secretaries

Anurag S. Vyas
UDIN: A041824D000548891
Date: May 18, 2022
Place: Pune

Note: This report is to be read with our letter of even date, which is annexed as "ANNEXURE- A" and forms an integral part of this report.

ANNEXURE-A
(01/04/2021 TO 31/03/2022)

To
The Members,
Thermax Babcock & Wilcox Energy Solutions Limited

Our report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have verified the original physical records kept with the office of the Company. We also have received copies of the required documents through emails from the officers of the Company.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a sample test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations, and happenings of events, etc.
- The compliance with provisions of Corporate and other applicable laws, rules, regulations, and standards is the responsibility of the management. Our examination was limited to the verification of procedures on a sample test basis.
- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Anurag Vyas & Associates
Company Secretaries

Anurag S. Vyas
UDIN: A041824D000548891
Date: May 18, 2022
Place: Pune

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Thermax Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associate as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Financial Statements' section of our report. We are independent of the Group and its associate 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 consolidated financial statements.

Emphasis of Matter

We draw attention to Note 31 of the Consolidated Financial Statement relating to demand orders on the group for Rs. 1,385.47 crores (including penalty of Rs. 331.88 crores and excluding interest not presently quantified) by the Commissioner of Central Excise, Pune. The Holding Company has filed an appeal against the said orders. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated financial statements. The results of audit procedures performed by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>A) Revenue recognition for engineering, procurement and construction contracts (as described in Note 21(c) of the consolidated financial statements)</p> <p>The Group'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.</p> <p>Due to the nature of such contracts, revenue is accounted over a period of time (using input method) which requires identification of performance obligations, significant judgement with regards to determining contract costs incurred to date compared to estimated total contract costs, the Group'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 change in such judgements and estimates.</p> <p>Revenue from such contracts amounted to Rs. 3,676.82 crores.</p>	<p>The audit procedures performed by us and the auditors of the subsidiaries ('other auditors) included the following:</p> <ul style="list-style-type: none"> We and other auditors understood the Group'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 and other auditors 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 and other auditors 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, the procedures performed by us and other auditors included: <ul style="list-style-type: none"> Provision for liquidated damages: The 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. Adequacy of contingency provisions: Understood the management's estimate and rationale for provision movement during the year. We and other auditors 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 on the project. Assessment of costs-to-complete: Performed analytical procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams. We and other auditors tested that the costs incurred were accrued at year end and also tested the assumptions for balance costs-to-complete. We and other auditors performed analytical procedures and checked exceptions for contracts with low or negative margins, loss making contracts, contracts with significant changes in cost estimates, probable penalties due to delay in contract execution and significant overdue net receivable positions for contracts with marginal or no movement to determine the level of provisioning required. <p>As part of our procedures, we read and assessed the presentation and disclosure of such EPC contracts in the consolidated financial statements.</p>

Key audit matters	How our audit addressed the key audit matter
<p>B) Impairment of trade receivables and contract assets: (as described in note 7 and note 9(b) of the consolidated financial statements)</p> <p>The Group's accounting with respect to Impairment of financial assets and contract assets is covered through Expected Credit Losses (ECL) method under Ind AS 109 and is expected 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 for the Group as it has devised a model to recognize impairment through ECL method using individual receivables or for homogeneous group of receivables with similar credit risk characteristics.</p> <p>The calculation of the impairment allowance under ECL method is highly judgmental as it requires management to make significant assumptions on customer payment behavior and other relevant risk characteristics when assessing the Group's statistics of historical information and estimating the level and timing of expected future cash flows. The timing of future cash flows may also vary to some extent due to Covid-19. As at the March 31, 2022, the Group recorded an impairment allowance of Rs 420.81 crores for its receivables and unbilled revenue.</p>	<p>The audit procedures performed by us and the other auditors included the following:</p> <ul style="list-style-type: none"> We and other auditors evaluated the management's key data sources and assumptions used in the ECL model to determine impairment allowance We and other auditors understood the management's basis to consider the associated risks for identifying homogeneous group of receivables. We and other auditors evaluated the process followed by the Group for determination of credit risk and the resultant basis for classification of receivables into various stages. For a sample of receivables, we and other auditors tested the ageing of the receivables considered for the calculation of impairment allowance. We and other auditors assessed the completeness of financial assets included in the ECL calculations as of the reporting date. We and other auditors considered the consistency of various inputs and assumptions used by the Group management to determine impairment provisions. <p>As part of our procedures, we read and tested the disclosures in the notes to consolidated financial statements are as per the relevant accounting standards.</p>
<p>C) Recoverability of deferred tax assets (as described in Note 10 of the consolidated financial statements)</p> <p>Thermax Babcock and Wilcock Energy Solutions Limited (TBWES), a subsidiary of the Holding Company has a net Deferred Tax Asset ("DTA") of Rs. 46.64 crores from unused tax losses. Ind AS 12 states that a DTA shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.</p> <p>The assessment of utilization of accumulated tax losses against future taxable income involves significant estimates and therefore considered as a key audit matter.</p>	<p>As part of our audit, following procedures were performed by us:</p> <ul style="list-style-type: none"> Evaluated the design and implementation of key controls relating to the assessment of the future profitability of TBWES. In evaluating management's judgements, we have considered, amongst other things, historical levels of taxable profits, the historical accuracy of forecasts, and the growth forecasts used by TBWES. Performed sensitivity analysis on management's assumptions used in the forecast model. Tested the mathematical accuracy of the deferred tax calculation. Used the knowledge and experience of tax specialists to assist in assessing the assumptions and judgements made by the TBWES. Evaluated the adequacy of the Group's disclosures setting out the basis of the deferred tax balances and the level of estimation involved.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Business Responsibility Report and Director's Report including annexure to the Director's Report of the Annual Report of the Group including its associate, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of their respective assets 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated

financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of their respective companies included in the Group and of its associate 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 Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies included in the Group and of its associate.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Holding 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 ability of the Group and its associate 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 consolidated 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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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.

Other Matters

- We did not audit the financial statements and other financial information, in respect of 21 subsidiaries, 2 branches of subsidiary and various trusts whose financial statements include total assets of Rs. 700.96 crores as at March 31, 2022, and total revenues of Rs. 460.59 crores and net cash inflows of Rs. 38.86 crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.
 - The accompanying consolidated financial statements include the Group's share of net profit of Rs. 0.13 crores for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements and other unaudited financial information.
- In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.
- Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in

respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiaries, incorporated in India, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, 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 consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate – Refer Note 31(A) to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 9(b) and 18(b) to the consolidated financial statements in respect of such items as it relates to the Group and its associate and (b) the Group's share of net profit in respect of its associate;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2022.
- iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 43 to the consolidated 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 Holding Company or any of such subsidiaries 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 respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, other than as disclosed in the note 43 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries 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 the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. a) The final dividend paid by the Holding Company and its subsidiaries incorporated in India, 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) The interim dividend declared and paid during the year by the subsidiary incorporated in India and until the date of the respective audit report of such subsidiary is in accordance with section 123 of the Act.
- c) As stated in Note 15(b) to the consolidated financial statements, the Board of Directors of the Holding Company, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the Company 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 Tridevial Khandelwal

Partner
Membership Number: 501160
UDIN: 22501160AJHPXV3996

Place of Signature: Pune
Date: May 20, 2022

Annexure 1 as referred to in paragraph 1(f) under the heading ‘Report on Other Legal and Regulatory Requirements’ to the Independent Auditor’s Report of even date on the Consolidated 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 consolidated financial statements of Thermax Limited (“the Holding Company”) as of and for the year ended March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), which are companies incorporated in India, as of the date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Holding Company’s internal financial controls with reference to these consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the ‘Other Matters’ paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to these consolidated financial statements.

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

A Company’s internal financial controls with reference to consolidated 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 consolidated 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 Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 Holding Company and its subsidiaries which are companies incorporated in India, has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal

financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company, in so far as it relates to these 4 subsidiaries, which is Company incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevjal Khandelwal

Partner
Membership Number: 501160
UDIN: 22501160AJHPXV3996

Place of Signature: Pune
Date: May 20, 2022

CONSOLIDATED 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)	990.95	1,042.69
Capital work-in-progress	4 (a)	44.32	21.06
Right-of-use assets	4 (b)	163.24	167.40
Goodwill	4 (c)	3.03	3.03
Other intangible assets	4 (c)	37.52	28.92
Intangible assets under development	4 (c)	-	3.10
Investment in associate	5	6.63	-
Financial assets:			
(a) Investments	6 (a)	703.36	119.21
(b) Trade receivables	7 (a)	173.52	100.87
(c) Loans	8 (a)	5.18	6.43
(d) Finance lease receivables	32	85.89	61.02
(e) Other assets	9 (a)	94.08	70.03
Deferred tax assets (net)	10	130.21	161.04
Income tax assets (net)		191.07	163.09
Other assets	11 (a)	94.32	92.52
Total non-current assets		2,723.32	2,040.41
II. Current assets			
Inventories	12	727.01	404.74
Financial assets:			
(a) Investments	6 (b)	766.54	115.25
(b) Trade receivables	7 (b)	1,423.72	1,237.10
(c) Cash and cash equivalents	13 (a)	310.78	461.31
(d) Bank balances other than (c) above	13 (b)	642.72	1,477.89
(e) Loans	8 (b)	1.98	1.70
(f) Finance lease receivables	32	15.73	11.42
(g) Other assets	9 (b)	470.43	374.04
Income tax assets (net)		3.27	2.60
Other assets	11 (b)	375.61	380.41
Total current assets		4,737.79	4,466.46
Total assets		7,461.11	6,506.87
Equity and liabilities			
III. Equity			
Equity share capital	14	22.52	22.52
Other equity	15 (a)	3,469.97	3,228.87
Total equity		3,492.49	3,251.39
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	16 (a)	61.42	22.16
(b) Lease liabilities	32 (ii)	8.13	6.61
(c) Trade payables	17 (a)	47.64	32.94
(d) Other liabilities	18 (a)	17.28	18.07
Provisions	19 (a)	32.41	25.86
Deferred tax liabilities (net)	10	3.09	7.01
Other liabilities	20 (a)	40.58	72.18
Total non-current liabilities		210.55	184.83
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	16 (b)	294.00	295.26
(b) Lease liabilities	32 (ii)	4.16	3.86
(c) Trade payables	17 (b)		
Total outstanding dues of micro and small enterprises (MSME)		402.18	252.65
Total outstanding dues of creditors other than micro and small enterprises		1,057.58	885.36
(d) Other liabilities	18 (b)	108.28	107.09
Other liabilities	20 (b)	1,661.68	1,306.18
Provisions	19 (b)	206.80	195.14
Income tax liabilities (net)		23.39	25.11
Total current liabilities		3,758.07	3,070.65
Total equity and liabilities		7,461.11	6,506.87
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 Tridevial 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

CONSOLIDATED 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	6,128.33	4,791.25
Other income	22	127.01	107.74
Total Income (I)		6,255.34	4,898.99
Expenses			
Cost of raw materials and components consumed	23	3,506.01	2,467.43
Purchase of traded goods		121.55	83.36
(Increase) in inventories of finished goods, work-in-progress and traded goods	24	(142.52)	(12.16)
Employee benefits expense	25	812.93	758.76
Finance cost	26	25.17	20.64
Depreciation and amortisation expense	27	113.24	114.57
Other expenses	28	1,408.99	1,138.67
Total expenses (II)		5,845.37	4,571.27
Profit before exceptional items, tax and share of profit of associate (III) = (I-II)		409.97	327.72
Share of profit of associate (IV)	37	0.13	-
Profit before exceptional items and tax (V) = (III+IV)		410.10	327.72
Exceptional items (VI)	42	-	(52.53)
Profit before tax (VII) = (V-VI)		410.10	275.19
Tax expense	10		
Current tax (including write back of tax balance for earlier years)		72.55	74.85
Deferred tax (net)		25.24	(6.24)
Total tax expense (VIII)		97.79	68.61
Profit for the year (IX) = (VII-VIII)		312.31	206.58
Other Comprehensive Income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	30		
i) Net gain on cash flow hedges		2.41	5.51
Less: Income tax effect		(0.49)	(1.59)
		1.92	3.92
ii) Exchange differences on translating of foreign operations		2.08	8.77
		4.00	12.69
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain on defined benefit plan		4.88	5.76
Less: Income tax effect		(1.26)	(1.54)
		3.62	4.22
Net other comprehensive income for the year (net of tax)		7.62	16.91
Total comprehensive income for the year		319.93	223.49
Profit for the year			
Attributable to:			
Equity holders of the parent		312.31	206.58
Other comprehensive income for the year			
Attributable to:			
Equity holders of the parent		7.62	16.91
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		319.93	223.49
Earning per equity share [Nominal value per share Rs. 2/- each (March 31, 2021: Rs. 2/-)]	29		
Basic and Diluted		27.73	18.34
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 Tridevial 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

CONSOLIDATED 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	22.52	22.52
Changes in equity shares capital during the year	14	-	-
Balance at the end of the year	14	22.52	22.52

B Other Equity ^

Particulars	Reserves and surplus				Other reserves			Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium	Foreign currency translation reserve	Cash flow hedge reserve	
As at April 1, 2020	435.31	95.12	60.34	2,331.42	57.28	30.77	(4.86)	3,005.38
Profit for the year	-	-	-	206.58	-	-	-	206.58
Other comprehensive income (net)	-	-	-	4.22	-	8.77	3.92	16.91
Total comprehensive income	-	-	-	210.80	-	8.77	3.92	223.49
As at March 31, 2021	435.31	95.12	60.34	2,542.22	57.28	39.54	(0.94)	3,228.87
Profit for the year	-	-	-	312.31	-	-	-	312.31
Other comprehensive income (net)	-	-	-	3.62	-	2.08	1.92	7.62
Total comprehensive income	-	-	-	315.93	-	2.08	1.92	319.93
Dividends paid	-	-	-	(78.83)	-	-	-	(78.83)
As at March 31, 2022	435.31	95.12	60.34	2,779.32	57.28	41.62	0.98	3,469.97

^ 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 Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2022

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

	Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Cash flows from operating activities			
Profit before tax (after exceptional item and and share of profit of associate)		410.10	275.19
Less: Share of profit on associate		0.13	-
Profit before tax (after exceptional items and before share of profit of associate)		409.97	275.19
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment and right-of-use assets	27	99.48	101.70
Amortization of intangible assets	27	13.76	12.87
Provision for impairment allowance of financial assets (net)	28	(9.41)	11.24
Provision on account of impairment of certain assets	42	-	43.38
Provision for advance (net)	28	5.01	-
Interest expense	26	13.47	11.75
Unwinding of discount on provisions	26	11.70	8.89
Unrealized foreign exchange loss		3.46	9.99
Interest income	22	(51.87)	(65.79)
Dividend income	22	(1.37)	(1.87)
Liabilities no longer required written back	22	(18.99)	(8.32)
Fair value gain on financial instrument at fair value through profit and loss (net)	22	(39.32)	(9.94)
(Profit)/Loss on sale / discard of assets (net)	28	(7.64)	0.76
Working capital adjustments			
Decrease / (Increase) in trade receivables		(249.70)	107.96
Decrease / (Increase) in inventories		(322.27)	49.27
Decrease / (Increase) in other financial assets		(122.87)	57.99
Decrease in other assets		7.45	15.04
Increase in trade payables		354.95	190.07
Increase in other liabilities		323.90	32.25
Increase in provisions		6.51	27.55
(Decrease) / Increase in other financial liabilities		1.49	(6.70)
Cash generated from operations		427.71	863.28
Direct taxes paid (net of refunds received)		(103.00)	(93.80)
Net cash inflow from operating activities		324.71	769.48
B) Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment, right of use of assets (ROU) and intangible assets (net of disposal)		(83.78)	(83.37)
Investment in associate		(6.50)	-
(Investment) / proceeds in fixed deposits (net)		776.29	(1,229.59)
Sale/ (purchase) of other investments (net)		(1,196.12)	650.68
Interest and dividend received		88.53	26.60
Net cash flows (used in) investing activities		(421.58)	(635.68)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2022

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

	Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
C) Cash flows from/(used in) financing activities			
(Repayment)/proceeds of borrowings (net)		76.19	94.66
Interest paid		(13.47)	(11.84)
Dividend paid		(78.83)	-
Payment of lease liability		(4.47)	(5.58)
Net cash flows from/(used in) financing activities		(20.58)	77.24
Net increase / (decrease) in cash and cash equivalents		(117.45)	211.04
Cash and cash equivalents at the beginning of the year		418.81	199.00
Exchange differences on translation of foreign operations		2.08	8.77
Cash and cash equivalents at the end of the year		303.44	418.81

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)	310.78	461.31
Bank overdraft	16 (b)	-	(40.77)
Book overdraft	18 (b)	(7.34)	(1.73)
Balances as per cash flow statement		303.44	418.81

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

per Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

NOTES TO CONSOLIDATED 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 Holding Company' or 'the Company'), its subsidiaries and its associate (together referred to as 'the Group') offers solutions to energy, environment and chemical sectors. The Group'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 Holding 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 financial statements on May 20, 2022. The CIN of the Company is L29299PN1980PLC022787.

2. Significant Accounting Policies

2.1. Basis of preparation, measurement and consolidation

(a) Basis of preparation

These consolidated 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 (the Act) (as amended) as applicable.

The preparation of the consolidated 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The accounting policies adopted for preparation and presentation of these consolidated 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 consolidated 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.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company, its subsidiaries and its associate as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

There is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;

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- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Holding Company, i.e., year ended March 31, 2022.

Consolidation procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The accounting policy regarding business combinations and goodwill explains how to account for any related goodwill.

(c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the carrying amount of assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and

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- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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. 12.36) have been presented as part of the short term borrowings, which were previously included under 'Other financial liabilities', lease liabilities (March 31, 2021: Rs. 10.47) have been presented on the face of balance sheet, which were previously included under 'other financial liabilities' and Security deposits (March 31, 2021; Rs. 13.72) have been presented as part of other financial asset, which were previously included under 'loans' in financial assets.

2.2.2. Others

Several other amendments and interpretations apply for the first time for the year ended March 31, 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

2.3 Summary of significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent

liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits', respectively.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess

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of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

b. Investment in associates

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control. 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.

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

c. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group'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 Group 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.

d. Foreign currencies

The Group's consolidated financial statements are prepared in INR, which is also the functional currency of the Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation

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and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

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 Consolidated 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.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

e. Fair Value Measurement

The Group 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 Group. 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 Group 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 consolidated 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

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- 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 Group 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 38)
- Financial instruments (including those carried at amortized cost) (note 38)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

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 Group 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 Consolidated Statement of profit and loss during the financial year in which they are incurred.

The Group 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 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	Group'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

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Consolidated 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 Consolidated 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 Consolidated 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 Group 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 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 Group'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.

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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 Group 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 Group 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 Group collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. 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 Group 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 Group identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Group to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Group may promise to provide distinct goods or services within a contract, in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group 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 Group 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 Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

- The customer simultaneously consumes the benefits as the Group performs, or
- The customer controls the work-in-progress, or
- The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date

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

The Group 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 Group 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 Consolidated 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 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 Group 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 Group 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 Group 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 Group 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 Group does not provide any extended warranties.

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- **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 Group 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 Group'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).

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned 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 Consolidated Statement of profit and loss.

- iii. **Dividend**

Revenue is recognized when the Group's right to receive the payment is established.

- 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 Group:

- 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

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amortization is included in finance costs/income in the Consolidated Statement of profit and loss. The losses arising from impairment are recognized in the Consolidated 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 Consolidated 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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Consolidated Statement of profit and loss, even on the sale of the investment. However, the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 Group 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 Group follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Group 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 Group 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 ECL. The Group considers current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Consolidated Statement of profit and loss under the head 'other expenses' in the Consolidated Statement of profit and loss. 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

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Group 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 Group'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 Consolidated 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 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 Consolidated 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 Consolidated 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 Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. 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 Consolidated 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.

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At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group'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 Consolidated Statement of profit and loss as finance costs. The Group 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 Consolidated Statement of profit and loss. The Group 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 consolidated statement of profit and loss.

Amounts recognized in OCI are transferred to the Consolidated 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.

I. Share held by ESOP and Welfare trusts

The Group has created ESOP Trust and Welfare trusts for providing share-based payment to/welfare of its employees and various other employee benefit trusts for providing other employee benefits such as loans at concessional rates for various purposes, collectively referred to as Employee Benefit Trusts. Own equity instruments are recognized at cost and deducted from equity.

m. 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 Consolidated 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 Group's cash management.

n. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be

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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 Group accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claims are fulfilled.

o. 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.

p. 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 in the tax jurisdictions where the Group operates and generates taxable income.

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 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 (or each tax group of entities when applicable) and the same taxation authority.

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

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q. 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.

r. Leases

Group as a lessee

The Group lease asset classes primarily consist of leases for land, office buildings, guest house and other office equipment. The Group 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 Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) 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 Group 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. ROU 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.

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 Consolidated Balance Sheet and lease payments have been classified as financing cash flows.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease

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component and the aggregate stand-alone price of the non-lease components.

Group as a lessor

Leases in which the Group 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Revenue from sale of utilities is recognised at the point in time when control of the asset is transferred to the customer, on supply of the utilities.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

s. Impairment of non-financial assets

The Group 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 Group 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent periods, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses including impairment on inventory are recognized in the Consolidated Statement of profit or loss.

For assets excluding goodwill, 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 Group 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

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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 Consolidated 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.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

t. Provisions

Provisions are recognized when the Group 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 be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group 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 Consolidated 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 Group 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 Group recognizes any impairment loss on the assets associated with that contract.

Decommissioning liability

The Group 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 Consolidated Statement of profit and loss as 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.

u. Retirement and other employee benefits (also, refer note 42)

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group 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

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lead to, for example, a reduction in future payment or a cash refund.

The Group and some of its Indian subsidiaries operate a defined benefit gratuity plan, 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 Consolidated Statement of profit and loss in subsequent periods.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the Consolidated 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 Group 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 Group 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 Group 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 Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of these benefits; and
- 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.

v. 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 Group.

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w. 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 Group 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.

x. Earnings Per Share (EPS)

The Group 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 Parent 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).

y. 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.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated 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 including 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 Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Revenue from contracts with customers

A significant portion of the Group'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 Group has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgments of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

ii. Consolidation Structured entities

The Company has an ESOP trust and various Employee Welfare Trusts for the welfare of its employees. Determination of the Group's control over these trusts for the purpose of consolidation requires judgement on the part of the Management of the Group.

The ESOP trust and various Employee Welfare Trusts, 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.

iii. Arrangements in the nature of lease

The Group has entered into certain arrangements with its customers where the Group will supply

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heat/steam by installing the boiler/heater at the customers' premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that fulfillment of these arrangement is dependent on the use of specific assets and the arrangement conveys to customers a right to use these specific assets. Accordingly, the Group has determined that these arrangements qualify as arrangements in the form of lease as per Ind AS 116. The Group has also determined, based on evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets and the fair value of the asset, that it has transferred the significant risks and rewards in these assets to the customers and therefore these embedded lease arrangements have been classified as finance leases. The separation of lease and non-lease elements in these arrangements have been made at relative fair value of these elements, requiring Management judgment.

iv. Contingencies relating to tax and legal matters

The Group 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 Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

v. Segment reporting

Ind AS 108 'Operating Segments' requires Management to determine the reportable segments for the purpose of disclosure in consolidated 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.

vi. Segregation of lease and non-lease components of the consideration

The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Since the consideration is inclusive of the lease component, the stand-alone selling price is not directly observable. Hence, the Group estimates the standalone selling price by considering all the information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Group.

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 Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

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i. EPC contracts:

- Provisions for liquidated damages claims (LDs):** The Group 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 Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group 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 Group 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 Group 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 contract.

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 Group 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 changes. Future salary increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 33.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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. Judgments 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 38 for further disclosures.

v. Warranty provision

The Group 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 Group'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 19 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 Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group'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 Group 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 Group estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Group follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Group additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm 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 Group 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 Group 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 for any of the tax jurisdictions in which the Group operates. 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	779.42	802.39	44.72	60.13	40.31	17.48	1,751.81	55.26
Additions	0.21	3.58	58.76	1.93	11.80	0.98	4.93	82.19	47.99
Disposals/Transfers/Adjustments	-	(0.36)	(24.99)	(2.27)	(2.67)	(1.86)	(2.45)	(34.60)	(82.19)
Exchange differences	-	4.47	2.74	0.17	0.04	0.09	0.01	7.52	-
Gross carrying amount as at March 31, 2021	7.57	787.11	838.90	44.55	69.30	39.52	19.97	1,806.92	21.06
Additions	4.40	2.99	27.23	1.50	9.73	0.04	2.64	48.53	71.79
Disposals/Transfers/Adjustments	-	(4.43)	(12.22)	(4.07)	(4.71)	(1.37)	(3.42)	(30.22)	(48.53)
Exchange differences	-	(0.52)	(0.29)	(0.09)	0.02	0.07	(0.03)	(0.84)	-
Gross carrying amount as at March 31, 2022	11.97	785.15	853.62	41.89	74.34	38.26	19.16	1,824.39	44.32
Accumulated depreciation and impairment as at April 1, 2020*	-	153.92	444.96	24.74	45.29	21.26	6.55	696.72	-
Charge for the year	-	25.64	56.84	2.63	5.20	2.54	2.69	95.54	-
Impairment (Refer note. 42)	-	-	0.19	-	-	0.03	-	0.22	-
Disposals/Transfers/Adjustments	-	(0.36)	(22.54)	(1.91)	(2.51)	(1.55)	(1.69)	(30.56)	-
Exchange differences	-	0.95	1.09	0.17	0.03	0.06	0.01	2.31	-
Accumulated depreciation and impairment as at March 31, 2021	-	180.15	480.54	25.63	48.01	22.34	7.56	764.23	-
Charge for the year	-	25.48	52.56	2.58	6.56	2.29	4.55	94.02	-
Disposals/Transfers/Adjustments	-	(1.26)	(11.14)	(4.56)	(4.48)	(0.93)	(2.13)	(24.50)	-
Exchange differences	-	(0.14)	(0.16)	(0.08)	0.01	0.07	(0.01)	(0.31)	-
Closing accumulated depreciation and impairment as at March 31, 2022	-	204.23	521.80	23.57	50.10	23.77	9.97	833.44	-
Net Block as at March 31, 2022	11.97	580.92	331.82	18.32	24.24	14.49	9.19	990.95	44.32
Net Block as at March 31, 2021	7.57	606.96	358.36	18.92	21.29	17.18	12.41	1,042.69	21.06

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

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

Refer note.16 for property, plant and equipment given as security for borrowings.

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	43.90	0.42	-
	March 31, 2021	12.59	6.85	1.62
Total Capital work-in-progress	March 31, 2022	43.90	0.42	-
	March 31, 2021	12.59	6.82	1.62

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

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.

Capitalisation of expenses

During the year, the Group has capitalized the following expenses of revenue nature to the cost of property, plant and equipment and intangible assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

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

4 (b) Right-of-use assets

Particulars	Leasehold Land	Building	Vehicles	Total
Gross carrying amount as at April 1, 2020	163.42	14.39	2.43	180.24
Additions	-	0.91	0.93	1.84
Disposals/Transfers/Adjustments	(1.76)	(2.46)	(0.37)	(4.59)
Exchange differences	3.30	0.06	0.06	3.42
Gross carrying amount as at March 31, 2021	164.96	12.90	3.05	180.91
Additions	-	5.71	0.58	6.29
Disposals/Transfers/Adjustments	(6.50)	(0.35)	(0.06)	(6.91)
Exchange differences	1.91	0.19	(0.07)	2.03
Gross carrying amount as at March 31, 2022	160.37	18.45	3.50	182.32
Accumulated depreciation and impairment as at April 1, 2020	7.94	2.10	0.53	10.57
Charge for the year	1.68	3.26	1.22	6.16
Disposals/Transfers/Adjustments	(1.76)	(1.27)	(0.27)	(3.30)
Exchange differences	0.03	0.04	0.01	0.08
Accumulated depreciation and impairment as at March 31, 2021	7.89	4.13	1.49	13.51
Charge for the year	1.80	2.81	0.85	5.46
Disposals/Transfers/Adjustments	(0.05)	-	(0.06)	(0.11)
Exchange differences	-	0.12	0.10	0.22
Closing accumulated depreciation and impairment as at March 31, 2022	9.64	7.06	2.38	19.08
Net Block as at March 31, 2022	150.73	11.39	1.12	163.24
Net Block as at March 31, 2021	157.07	8.77	1.56	167.40

The Group has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right-of-use assets. Refer note 32 for further disclosure on leases.

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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 (c) Intangible assets and goodwill

Particulars	Computer Software	Technical Know-how #	Goodwill	Total	Intangibles under development ^
Gross carrying amount as at April 1, 2020*	76.28	85.98	161.13	323.39	0.74
Additions	13.60	8.33	-	21.93	24.29
Disposals/Transfers/Adjustments	(5.27)	(5.53)	-	(10.80)	(21.93)
Exchange difference	0.37	0.17	5.17	5.71	-
Gross carrying amount as at March 31, 2021	84.98	88.95	166.30	340.23	3.10
Additions	12.16	10.33	-	22.49	19.39
Disposals/Transfers/Adjustments	-	(13.83)	-	(13.83)	(22.49)
Exchange difference	(0.07)	(0.12)	(3.63)	(3.82)	-
Gross carrying amount as at March 31, 2022	97.07	85.33	162.67	345.07	-
Accumulated amortisation and impairment as at April 1, 2020*	62.81	76.54	125.82	265.17	-
Charge for the year	7.53	5.33	-	12.87	-
Impairment (Refer note. 4(d) and 42)	2.01	1.22	34.67	37.90	-
Disposals/Transfers/Adjustments	(5.20)	(5.44)	-	(10.64)	-
Exchange difference	0.17	0.04	2.78	2.99	-
Accumulated amortisation and impairment as at March 31, 2021	67.32	77.69	163.27	308.28	-
Charge for the year	9.48	4.28	-	13.76	-
Disposals/Transfers/Adjustments	0.15	(13.83)	-	(13.68)	-
Exchange difference	(0.09)	(0.12)	(3.63)	(3.84)	-
Closing accumulated amortisation and impairment as at March 31, 2022	76.86	68.02	159.64	304.52	-
Net Block as at March 31, 2022	20.21	17.31	3.03	40.55	-
Net Block as at March 31, 2021	17.66	11.26	3.03	31.95	3.10

Net Block	March 31, 2022	March 31, 2021
Goodwill	3.03	3.03
Other intangible assets	37.52	28.92

The ageing details for intangible assets under development (IAUD) :

Particulars		Amount in IAUD for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	March 31, 2022	-	-	-	-	-
	March 31, 2021	3.10	-	-	-	3.10
Total intangible assets under development	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.

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

Includes internally developed assets of net block Rs. 9.99 (March 31, 2021 : Rs. 2.58)

^ Intangibles under development include implementation of new software

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4 (d) Impairment tests for goodwill

Goodwill acquired through business combinations has been considered for impairment testing by the management.

Particulars	March 31, 2022		March 31, 2021	
	Danstoker A/S	Rifox-Hans	Danstoker A/S	Rifox-Hans
Opening balance of goodwill	-	3.03	32.28	3.03
Add : Exchange differences	-	-	2.39	-
Less : Impairment charge for the year (including Boilerworks Property Aps of Rs. 1.79) (Refer note. 42)	-	-	34.67	-
Closing balance of goodwill	-	3.03	-	3.03

As at the March 31, 2022, the carrying amount of goodwill is Rs. 3.03 (March 31, 2021: Rs. 3.03). The Group performs impairment testing annually. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five year period. The projected cash flows have been updated to reflect the demand changes for products pursuant to Covid-19 pandemic. Based on the cash flow projections, discount rate and other assumptions including gross margin, sales discount, market share, volume growth, etc it was concluded that the value in use exceeds the carrying value of goodwill and overall CGU. As a result of the analysis, no impairment of the Goodwill was required. As at March 31, 2022, there were no indicators of impairment noted by management.

5 Investments in Associates

Particulars	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 Instruments* :					
Investments accounted using the equity method					
Equity shares in associate (unquoted)					
ExactSpace Technologies Private Limited (10.41%)	Rs. 10	1,249	-	6.63	-
Total investments in associate				6.63	-

* Refer note. 37 for details

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for the year ended March 31, 2022

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6 (a) Non-current investments

Particulars	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 Instruments :					
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
Investments at Fair value through Profit and Loss					
Units of Mutual Funds (Quoted)				561.78	119.05
Sub total (A)				561.78	119.05
Investments in Corporate Fixed Deposits				141.58	-
Sub total (B)				141.58	-
Total C=(A+B)				703.36	119.21
Less: Impairment in value of investment (D)				-	-
Total Non-Current Investments E=(C-D)				703.36	119.21
Aggregate amount of quoted investments (Book value)				561.78	119.21
Aggregate amount of quoted investments (Market value)				561.78	119.21
Aggregate amount of unquoted investments				141.58	-
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 quoted and unquoted equity and debt securities. Refer note 38 for determination of their fair values.

6 (b) Current investments

Particulars	Amount	
	March 31, 2022	March 31, 2021
Investments at Fair value through Profit and Loss:		
Units of Mutual Funds (Quoted)	602.21	115.25
Sub total (A)	602.21	115.25
Investments in Corporate Fixed Deposits	164.33	-
Sub total (B)	164.33	-
Total Current Investments A=(A+B)	766.54	115.25
Aggregate amount of quoted investments and market value thereof	602.21	115.25
Aggregate amount of unquoted investments	164.33	-
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 38 for determination of their fair values.

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for the year ended March 31, 2022

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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 35)	-	-
ii) Others	173.52	100.87
Total	173.52	100.87
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	193.16	126.42
Trade receivables which has a significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	193.16	126.42
Less: impairment allowance	(19.64)	(25.55)
Total	173.52	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	193.16	-	-	-	-	-	193.16
	March 31, 2021	126.42	-	-	-	-	-	126.42
Less: Impairment allowance	March 31, 2022							(19.64)
	March 31, 2021							(25.55)
Total	March 31, 2022	193.16	-	-	-	-	-	173.52
	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.

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(b) Current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 35)	0.60	0.02
ii) Others	1,423.12	1,237.08
Total	1,423.72	1,237.10
Break-up for security details		
Secured, considered good	189.06	108.33
Unsecured, considered good	1,523.31	1,431.65
Trade receivables which have a significant increase in credit risk	58.71	51.70
Trade receivables - credit impaired	35.48	50.25
	1,806.56	1,641.93
Less: impairment allowance	(382.84)	(404.83)
Total	1,423.72	1,237.10

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

For terms and conditions relating to related party receivables, refer note 35.

Trade receivables are non-interest bearing and are generally on terms of 7 to 90 days.

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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)

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	789.71	553.99	91.04	88.99	42.70	131.20	1,697.63
	March 31, 2021	773.16	407.85	47.61	94.88	40.77	138.24	1,502.51
(ii) Undisputed trade receivables- which have significant increase in credit risk	March 31, 2022	-	-	-	0.05	1.35	51.32	52.72
	March 31, 2021	-	0.01	-	1.94	0.06	45.61	47.62
(iii) Undisputed trade receivables- credit impaired	March 31, 2022	0.35	5.82	4.76	6.38	7.35	9.71	34.37
	March 31, 2021	9.77	10.53	7.37	10.22	13.93	1.28	53.10
(iv) Disputed Trade Receivables- Considered Good	March 31, 2022	-	-	0.94	1.26	0.92	11.14	14.26
	March 31, 2021	0.94	5.47	4.39	2.15	4.10	15.67	32.72
(v) Disputed Trade Receivables- which have significant increase in credit risk	March 31, 2022	-	-	-	-	-	5.98	5.98
	March 31, 2021	-	-	-	-	-	5.98	5.98
(vi) Disputed Trade Receivables- credit impaired	March 31, 2022	-	-	-	0.33	0.27	1.00	1.60
	March 31, 2021	-	-	-	-	-	-	-
	March 31, 2022	790.06	559.81	96.74	97.01	52.59	210.35	1,806.56
	March 31, 2021	783.87	423.86	59.37	109.19	58.86	206.78	1,641.93
Less: Impairment allowance	March 31, 2022							(382.84)
	March 31, 2021							(404.83)
Total	March 31, 2022							1,423.72
	March 31, 2021							1,237.10

(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	430.38	452.74	13.86	17.46
Less: Bad debts/ write off	(14.04)	(34.75)	-	-
	416.34	417.99	13.86	17.46
Provision made during the year	86.80	110.87	5.38	0.50
Utilized/reversed during the year	(100.80)	(98.64)	(0.91)	(4.10)
Exchange differences	0.14	0.16	-	-
At the end of the year	402.48	430.38	18.33	13.86

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8 Loans

(a) Non-current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loans to employees	5.18	6.43
Total	5.18	6.43
Classification of above is as follows:		
Loans receivables- considered good- Secured	-	-
Loans receivables- considered good- Unsecured	5.18	6.43
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- credit impaired	-	-
Total	5.18	6.43

(b) Current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loans to employees	1.98	1.70
Total	1.98	1.70
Classification of above is as follows:		
Loans receivables- considered good- Secured	-	-
Loans receivables- considered good- Unsecured	1.98	1.70
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- credit impaired	-	-
Total	1.98	1.70

Loans are various kinds of non-derivative financial assets which generate fixed interest income. The tenure of such loans have different time range based on employee eligibility.

No loans are due from directors or key managerial persons of the Group either severally or jointly with any other person or from firms or private companies in which any director is a partner, a director or a member, respectively.

9 Other Financial Assets

(a) Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Bank deposits with remaining maturity more than twelve months #	82.54	59.06
Security deposits*	11.54	10.97
Total	94.08	70.03

Includes bank deposits Rs. 0.17 (March 31, 2021 : Rs. 0.13) which are pledged as margin money.

NOTES TO CONSOLIDATED 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 assets

	March 31, 2022	March 31, 2021
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	2.25	1.66
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.86	3.44
At amortized cost		
Export incentive receivable	31.61	36.62
Unbilled revenue (contract assets)^	394.87	301.49
Security deposits*	2.42	2.75
Others (includes claims receivable and GST paid on customer advance)	35.42	28.08
Total	470.43	374.04

*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), refer note 35. This also includes deposits given to various other parties for rent, utilities etc.

Financial assets at fair value through other comprehensive income reflect the positive 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 provision for impairment allowance of Rs. 18.33 (March 31, 2021 : Rs. 13.89).

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	72.55	74.85
Deferred tax	25.24	(6.24)
Income tax expense reported in the consolidated statement of profit or loss	97.79	68.61

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/(loss) on revaluation of Cash flow hedge	0.49	1.59
Net gain/(loss) on remeasurements of defined benefit plans	1.26	1.54
Deferred tax credit in other comprehensive income	1.75	3.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate

Particulars	March 31, 2022	March 31, 2021
Accounting profit before tax (before exceptional items)	410.10	327.72
Share of profit of associate	0.13	-
Accounting profit before tax (before exceptional items and share of profit of associate)	409.97	327.72
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17% (March 31, 2021: 25.17%)	103.19	82.49
Effects of income not subject to tax	(4.82)	(2.47)
Taxes from prior periods	-	(5.61)
Deferred tax recognised on unabsorbed losses of earlier years	(0.16)	(2.10)
Utilisation of previously unrecognised tax benefits (including capital losses)	(3.22)	(12.91)
Unrecognized tax benefits on tax losses	0.56	4.43
Taxes paid / payable on repatriation of branches/subsidiary profits	2.31	5.09
Others (includes effect of non-deductible business expenses and tax rate difference).	(0.07)	(0.35)
Effective tax	97.79	68.61
Income tax expense reported in the consolidated statement of profit or loss	97.79	68.61

Deferred tax

Statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	0.43	(6.05)
Deferred tax utilized / (recognised) on unabsorbed losses of earlier year	20.81	18.84
Provision for doubtful debts, advances and liquidated damages	1.81	0.24
Employee benefit obligations	1.39	1.26
Fair value gains on investment classified as fair value through profit and loss	-	(14.40)
Temporary differences due to accounting treatment as required by Income tax standards	(0.88)	(1.02)
Items allowed on payment basis	1.63	(5.24)
Others*	0.05	0.13
Deferred tax expense	25.24	(6.24)

* Includes impact on account of deferred tax created on unrealized profit elimination from inventory, etc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting purposes	(80.61)	(80.18)
Losses available for offsetting against future taxable income	54.97	75.78
Provision for doubtful debts, advances and liquidated damages	121.27	123.08
Items allowed on payment basis	12.01	13.64
Employee benefit obligations	11.96	14.61
Temporary differences in accounting treatment as required by Income tax standards	5.02	4.14
Others*	2.50	2.96
Net deferred tax assets	127.12	154.03

* Includes impact on account of deferred tax created on unrealized profit elimination from inventory, etc.

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	154.03	150.95
Tax (expense)/ income during the year recognised in profit or loss	(25.24)	6.24
Tax (expense)/ income during the year recognised in OCI	(1.75)	(3.13)
Currency translation effect	0.08	(0.03)
Closing balance	127.12	154.03

Break up of gross deferred tax assets/liabilities

	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	130.21	161.04
Deferred tax liabilities	(3.09)	(7.01)
Net deferred tax assets	127.12	154.03

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

The Group has tax losses of Rs. 207.83 (March 31, 2021: Rs. 153.76) that are available for offsetting against future taxable profits of the companies in which the losses arose. Majority of these losses will expire over a period by end of March 31, 2030. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and also does not meet the requirements of recognition of deferred tax assets on unabsorbed losses as per Ind AS 12 on Income taxes. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by Rs. 48 (March 31, 2021: Rs. 36.95).

At March 31, 2022, there is deferred tax liability of Rs. 2.31 (March 31, 2021: Rs. 5.09) for taxes that would be payable on the unremitted earnings of the Group's branches/one of subsidiary wherein the Group has determined that undistributed profits of its branches/subsidiary will be distributed in the foreseeable future. The deferred tax liabilities on temporary differences associated with investment in other subsidiaries which have not been recognised, where the Group is able to control the reversal of the temporary difference.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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	0.61
Capital advance	14.18	9.05
Balances with government authorities	79.81	82.34
Prepayments	0.26	0.52
Total	94.32	92.52

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Advance to suppliers	186.60	128.72
Advance to employees	13.01	8.39
Prepayments	24.69	19.04
Balances with government authorities	125.12	202.51
Prepaid employee benefits (note 33)	18.83	9.50
Others*	7.36	12.25
Total	375.61	380.41

*Others include interest due on tax refunds, other recoveries of expenses, etc.

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

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 **	395.93	219.24
Work-in-progress	226.06	112.84
Finished goods	90.11	60.75
Stores and spares	9.06	6.00
Traded goods	5.85	5.91
Total	727.01	404.74

**Includes goods in transit Rs. 14.82 (March 31, 2021 : Rs. 16.67)

For the year ended March 31, 2022 Rs. 8.55 (March 31, 2021 Rs. 23.09) was reversed (net of expense) for inventories carried at net realisable value. These were recognised during the year and included in 'cost of raw materials and components consumed and consumption of stores and spare parts' in the Statement of profit and loss.

Inventory amounting to Rs. 70.30 (March 31, 2021 Rs. Nil) has been hypothecated against borrowings (note 16).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

13 (a) Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- in current accounts	203.56	285.84
- in deposits with original maturity of less than three months*	106.01	174.02
Cheques, drafts on hand	0.81	1.06
Cash on hand	0.40	0.39
Total	310.78	461.31

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

Cash and cash equivalents include Rs. 5.25 (March 31, 2021 : Rs. 9.63) held by irrevocable trust controlled by the Group.

This includes bank balances of Rs. 6.24 (March 31, 2021 Rs. 9.05) at branches which can be used freely for business in those countries. For any repatriation to India, these are subject to repatriation taxes as per the local laws of those countries.

Cash and cash equivalents balance includes of Rs. 11.01 (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*	641.94	1,477.00
Unpaid dividend account (restricted)	0.78	0.89
Total	642.72	1,477.89

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

13 (c) Changes in liabilities from financing activities

Particulars	Borrowings	Unpaid dividend	Lease liabilities
As on April 1, 2020	182.92	0.97	14.21
Cash flow (net)	94.66	-	-
Unrealized foreign exchange (gain)/ loss	(0.93)	-	-
Other#	-	(0.08)	(3.74)
As on March 31, 2021	276.65	0.89	10.47
Cash flow (net)	76.19	-	-
Unrealized foreign exchange (gain)/ loss	2.58	-	-
Other#	-	(0.11)	1.82
As on March 31, 2022	355.42	0.78	12.29

Lease obligation includes repayment of lease obligation net off new leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

14 Share Capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares		
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		
119,156,300 (March 31, 2021: 119,156,300) equity shares of Rs. 2/- each.	23.83	23.83
Less: 6,541,440 (March 31, 2021: 6,541,440) equity shares held by Trusts of Rs. 2/- each.	(1.31)	(1.31)
Total issued, subscribed and fully paid-up share capital	22.52	22.52

(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	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2021	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2022	112,614,860	22.52

(b) Terms/ rights attached to equity shares

The Group 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 of the Holding Company 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 shares held by Holding Company

	As at March 31, 2022	As at March 31, 2021
Holding Company		
RDA Holding Private Limited	12.87	12.87
64,328,500 (March 31, 2021: 64,328,500) equity shares of Rs. 2/- each fully paid		

NOTES TO CONSOLIDATED 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 Holding Company

	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
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

	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. Pheroj Pudumjee		
%	*	*
No. of shares	6,000	6,000
% of change during the year	-	-

* represents less than 0.01%.

(f) 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 CONSOLIDATED 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	60.34	60.34
Securities premium	57.28	57.28
Capital reserve	95.12	95.12
General reserve	435.31	435.31
Opening balance		
Retained earnings		
Opening balance	2,542.22	2,331.42
Add: Profit for the year	312.31	206.58
Less: Dividends paid	78.83	-
Movement during the year	233.48	206.58
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement loss/(gain) on defined benefit plans, net of tax Rs. (1.26) (March 31, 2021 : Rs. (1.54))	3.62	4.22
Net surplus in the Statement of profit and loss	2,779.32	2,542.22
Total Reserves and Surplus	3,427.37	3,190.27
Other Reserves		
Cash flow hedge reserve		
Opening balance	(0.94)	(4.86)
Add: Movement during the year (net)	2.41	5.51
Less: Tax on above movement	(0.49)	(1.59)
Closing balance	0.98	(0.94)
Foreign currency translation reserve		
Opening balance	39.54	30.77
Add: Movement during the year (net)	2.08	8.77
Closing balance	41.62	39.54
Total	3,469.97	3,228.87

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 ("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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Capital reserve

Opening balance pertains to reserves arising on amalgamations in the past and step up acquisition of joint venture. This reserve 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 of India and other countries' corporate laws.

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.

Foreign currency translation reserve

The foreign currency translation reserve pertains to exchange differences on the translation of subsidiaries and branches having a functional currency other than Indian Rupees.

15 (b) Distribution made and proposed

	March 31, 2022	March 31, 2021
Cash dividend on equity shares declared and paid by Holding company:		
Final dividend for the year ended 2020-2021: Rs. 7 per share (2019-2020: Rs.Nil per share) (gross of consolidation adjustments)	83.41	-
	83.41	-
Proposed dividends 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 of Holding Company on equity shares:		
Proposed dividend for the year ended 2021-2022: Rs. 9 per share (2020-2021: Rs. 7 per share)	107.24	83.41
	107.24	83.41

16 Borrowings

(a) Non-current borrowings

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Term loans (from banks)		
Secured loans - Foreign currency	21.39	22.86
Indian currency	57.78	11.66
Total non-current borrowings	79.17	34.52
Less: amount disclosed under the head "Current borrowings" (note 16 (b))		
- Current maturities of term Loans	(17.75)	(12.36)
	61.42	22.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Secured loans from banks includes:

- Foreign currency loans from banks Rs. 21.39 (March 31,2021 : Rs. 22.86) are repayable on a quarterly / semi - annual / annual basis over a period of seventeen years. Land and building with a carrying value of Rs. 10.32 (March 31, 2021 : Rs. 12.23) and letter of comfort from Holding Company has been provided as collateral for these borrowings. These loans carry an annual interest rate of 1% - 4.72% p.a. (March 31, 2021 : 1% -5% p.a.)

- Indian rupee loan from bank Rs. 57.78 (March 31, 2021 : Rs. 11.66) has been availed for 60/84 months and it is repayable in 48/72 monthly instalments along with interest, from the date the moratorium period ends. The loan has a moratorium period of 12 months for repayment of principal. The loan is secured by first charge on plant and machinery (property, plant & equipment) of Rs.5.50 (March 31, 2021: Rs.Nil), finance lease receivable of Rs. 22.83 (March 31, 2021: Rs.15.25), and inventory work in progress of Rs.70.30 (March 31, 2021: Rs.Nil) and an escrow of cashflow for the specific project for which such facility was availed. This loan carries an effective interest rate ranging between 6.09% -7.25% p.a. (March 31, 2021 : 8.3% - 8.7% p.a.).

(a) Current borrowings

	As at March 31, 2022	As at March 31, 2021
At amortized cost		
Loans (from banks)		
Secured loans - Bank overdraft	-	40.77
- Short term borrowings	13.76	14.67
Unsecured loans - Packing credit	254.00	202.32
- Hundi	8.49	25.14
Current maturities of long-term borrowings	17.75	12.36
Total	294.00	295.26

Bank overdraft are secured by hypothecation of present and future stock of inventories, book debts, other moveable assets, letter of comfort and corporate guarantee given by Holding Company.

Short term borrowings (foreign currency loans from banks) are repayable on a fixed date (March 31, 2021: quarterly). Letter of comfort from Holding Company has been provided as collateral for these borrowings. The loan carry an annual interest rate of 1.25% p.a. (March 31,2021 : LIBOR+2.5% p.a.).

Packing credit carries an interest rate of 2% to 2.85% p.a.(March 31, 2021 :1.90% - 3.50% p.a.) due for repayment within 180 to 365 days from date of disbursement or expected shipment date whichever is earlier.

Hundi includes working capital facility of acceptances for bills discounted by suppliers which are repayable in 60 to 120 days (March 31, 2021: 60 to 190 days).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

17 Trade Payables

(a) Non-current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (note 35)	-	-
(ii) Others	47.64	32.94
Total	47.64	32.94

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) Others	March 31, 2022	47.57	-	-	-	47.57
	March 31, 2021	32.87	-	-	-	32.87
(ii) Disputed dues- Others	March 31, 2022	0.07	-	-	-	0.07
	March 31, 2021	0.07	-	-	-	0.07
Total	March 31, 2022	47.64	-	-	-	47.64
	March 31, 2021	32.94	-	-	-	32.94

(b) Current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	402.18	252.65
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (note 35)	1.01	0.81
(ii) Others	1,056.57	884.55
Total	1,459.76	1,138.01

For terms and conditions with related parties, refer note 35.

Trade payables are non-interest bearing and are generally on terms of 7 to 90 days.

NOTES TO CONSOLIDATED 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 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) MSME	March 31, 2022	362.22	30.63	2.22	2.09	4.19	401.35
	March 31, 2021	233.31	10.23	2.98	2.90	2.40	251.82
(ii) Others	March 31, 2022	565.23	243.18	25.56	13.90	25.75	873.62
	March 31, 2021	433.05	213.92	33.63	12.10	21.23	713.93
(iii) Disputed dues- MSME	March 31, 2022	0.10	-	-	-	0.73	0.83
	March 31, 2021	0.10	-	-	-	0.73	0.83
(iv) Disputed dues- Others	March 31, 2022	-	0.27	-	-	0.24	0.51
	March 31, 2021	0.00	1.90	0.68	2.95	0.00	5.53
Subtotal	March 31, 2022	927.55	274.08	27.78	15.99	30.91	1,276.31
	March 31, 2021	666.46	226.05	37.29	17.95	24.36	972.11
Unbilled trade payable*	March 31, 2022						183.45
	March 31, 2021						165.90
Total	March 31, 2022						1,459.76
	March 31, 2021						1,138.01

*Pertains to accrued expenses/liabilities.

18 Financial Liabilities

(a) Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Trade deposits	15.33	11.63
Liability towards employee separation scheme (Refer note 42)	1.95	5.22
Payables for PPE and intangible assets	-	1.22
Total	17.28	18.07

NOTES TO CONSOLIDATED 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	0.84	2.70
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.94	2.84
At amortized cost		
Employee related payables	84.28	73.56
Payables for Property, plant and equipment and intangible assets	2.35	7.61
Book overdraft	7.34	1.73
Liability towards employee separation scheme (Refer note 42)	2.16	2.22
Unpaid dividend	0.78	0.89
Other payables *	7.59	15.54
Total	108.28	107.09

* includes dealer deposits, security deposits, etc.

19 Provisions

(a) Non-current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for warranties	20.70	15.20
Provision for decommissioning liability	11.71	10.66
	32.41	25.86
Total	32.41	25.86

(b) Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for gratuity (note 33)	0.41	0.22
Provision for leave encashment	66.56	76.21
	66.97	76.43
Other provisions		
Provision for onerous contracts	17.33	13.97
Provision for warranties	122.50	104.74
	139.83	118.71
Total	206.80	195.14

NOTES TO CONSOLIDATED 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 Group. The Group is committed to restore the sites on conclusion of the 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. 14.32 higher or lower (March 31, 2021 : Rs. 11.99).

Provision for onerous contracts

A provision for expected loss on contracts with customers 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 currently 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	13.97	119.94	10.66
Additional provision recognised	11.13	60.84	0.08
Unused amounts reversed	(1.80)	(29.04)	-
Unwinding of discount	-	9.51	0.97
Utilised during the year	(5.97)	(18.05)	-
As at March 31, 2022	17.33	143.20	11.71
Breakup of provisions:			
Current	17.33	122.50	-
Non-current	-	20.70	11.71
Total	17.33	143.20	11.71

20 Other Liabilities

(a) Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
Contract liabilities		
Unearned revenue *	9.26	9.22
Customer advances	21.42	53.62
Advance lease rentals	9.90	9.34
Total	40.58	72.18

*Pertains to revenue remaining unearned for the portion attributable to maintenance of leased equipment constructed at customer premises under finance lease arrangements.

NOTES TO CONSOLIDATED 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
Contract liabilities		
Unearned revenue	437.03	379.02
Customer advances	1,174.85	888.30
Advance lease rentals	1.57	1.33
Statutory dues and other liabilities**	48.23	37.53
Total	1,661.68	1,306.18

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

21 Revenue from Operations

(a) Revenue from contracts with customers:

	March 31, 2022	March 31, 2021
Revenue from projects and products	5,384.47	4,061.28
Revenue from services	679.56	648.96
Total revenue from contracts with customers (a)	6,064.03	4,710.24

(b) Other operating income

	March 31, 2022	March 31, 2021
Export incentives	15.67	15.58
Sale of scrap	28.80	25.09
Interest income from finance lease	11.23	8.85
Commission income	2.41	1.65
Exchange fluctuation gain / (loss) (net) *	1.67	25.68
Royalty income	3.97	3.75
Miscellaneous income	0.55	0.41
Total Other operating income (b)	64.30	81.01
Total revenue from operations (a+b)	6,128.33	4,791.25

* Includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.92 (March 31, 2021 : loss of Rs. 0.60)

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

i) By category of contracts:

	March 31, 2022	March 31, 2021
Over a period of time basis	3,676.82	2,795.87
At a point-in-time basis	2,387.21	1,914.37
Total revenue from contracts with customers	6,064.03	4,710.24

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Revenue by segment

	March 31, 2022			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External revenue	4,377.47	1,291.57	533.47	6,202.51
Inter segment	(0.34)	(129.76)	(8.27)	(138.37)
Total revenue from contracts with customers	4,377.13	1,161.81	525.20	6,064.14
Other operating income	56.80	2.35	5.04	64.19
Total revenue from operations	4,433.93	1,164.16	530.24	6,128.33

	March 31, 2021			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External revenue	3,548.10	795.17	426.59	4,769.86
Inter segment	(0.96)	(53.82)	(4.84)	(59.62)
Total revenue from contracts with customers	3,547.14	741.35	421.75	4,710.24
Other operating income	79.19	(1.04)	2.86	81.01
Total revenue from operations	3,626.33	740.31	424.61	4,791.25

ii) Contract balances:

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

	March 31, 2022	March 31, 2021
Trade receivables (note 7)	1,597.24	1,337.97
Unbilled revenue (Contract asset) (note 9(b))	394.87	301.49
Unearned revenue (Contract liability) (note 20)	446.29	388.24
Customer advances (Contract liability) (note 20)	1,196.27	941.92

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. Contract assets are transferred to Trade receivables on completion of milestones and 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 Group's cash positions on specific projects.

iii) Revenue recognised in the reporting year that was included in the contract liability balance at the beginning of the year :

	March 31, 2022	March 31, 2021
Unearned revenue	299.01	299.58
Customer advance	612.13	627.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

iv) Changes in unbilled revenue and unearned revenue for the year

The explanation of the significant changes in the contract asset and the contract liability balances during the year presented in the table below:

	March 31, 2022	March 31, 2022
Opening unbilled revenue (note 9(b))	301.49	
Opening unearned revenue (note 20)	388.24	(86.75)
- Transfer of contract assets to receivable from opening unbilled revenue	(276.89)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	299.01	
- Transfer of contract assets to receivable	(3,366.75)	
- Increase in revenue as a result of changes in the measure of progress	3,377.81	
- Others*	2.15	35.33
Closing unbilled revenue (note 9(b))	394.87	
Closing unearned revenue (note 20)	446.29	(51.42)

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

	March 31, 2021	March 31, 2021
Opening unbilled revenue (note 9(b))	347.30	
Opening unearned revenue (note 20)	392.10	(44.80)
- Transfer of contract assets to receivable from opening unbilled revenue	(317.96)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	299.58	
- Transfer of contract assets to receivable	(2,525.03)	
- Increase in revenue as a result of changes in the measure of progress	2,496.29	
- Others*	5.17	(41.95)
Closing unbilled revenue (note 9(b))	301.49	
Closing unearned revenue (note 20)	388.24	(86.75)

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

v) 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 Group 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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 Group 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	6,370.44	3,333.59

The Group expects that a significant portion of the remaining performance obligation will be completed in the next 1 to 2 years.

The Group has disclosed remaining performance obligation expected to be fulfilled in next 12 months where the contracts with customers for supply of utilities/operation and maintenance services are for a longer period.

vi) 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 at amortised cost		
Bank deposits	51.87	65.79
Other interest income	5.80	10.09
Dividend income from investments designated at fair value through profit and loss	1.37	1.87
Liabilities no longer required written back	18.99	8.32
Fair value gain on financial instruments at fair value through profit and loss (net)	39.32	9.94
Miscellaneous income ^^	9.66	11.73
Total	127.01	107.74

^^ Includes rent income of Rs. 0.02 (March 31, 2021 : Rs. 0.13) refer note 32(i)(b).

23 Cost of Raw Material and Components Consumed

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	219.24	276.27
Add: Purchases	3,682.70	2,410.40
	3,901.94	2,686.67
Inventories at the end of the year	(395.93)	(219.24)
Total	3,506.01	2,467.43

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

24 (Increase) 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	112.84	104.52
Finished goods	60.75	54.30
Traded goods	5.91	8.52
	179.50	167.34
Less: inventories at the end of the year		
Work-in-progress	226.06	112.84
Finished goods	90.11	60.75
Traded goods	5.85	5.91
	322.02	179.50
	(142.52)	(12.16)

25 Employee Benefits Expense

	March 31, 2022	March 31, 2021
Salaries and wages	727.34	683.47
Contribution to provident and other funds	41.24	39.30
Gratuity expense (note 33)	9.27	9.86
Staff welfare expenses	35.08	26.17
	812.93	758.80
Less: capitalised during the year (note 4(a))	-	(0.04)
Total	812.93	758.76

26 Finance Costs

	March 31, 2022	March 31, 2021
Interest expense*	13.47	11.75
Unwinding of discount	11.70	8.89
Total	25.17	20.64

* Includes accretion of interest on lease obligation Rs. 0.23 (March 31, 2021: Rs. 0.16) (refer note 32(ii)).

27 Depreciation and Amortization Expense

	March 31, 2022	March 31, 2021
Depreciation on property, plant and equipment (note 4(a))	94.02	95.54
Depreciation on right-of-use assets (note 4(b))	5.46	6.16
Amortisation of intangible assets (note 4(c))	13.76	12.87
Total	113.24	114.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

28 Other Expenses

	March 31, 2022	March 31, 2021
Consumption of stores and spare parts	103.04	69.70
Power and fuel	52.31	38.59
Freight and forwarding charges (net)	176.09	116.05
Site expenses and contract labour charges	652.90	537.01
Drawing, design and technical service charges	24.65	21.10
Sales commission	25.34	17.49
Advertisement and sales promotion	10.48	11.25
Rent	19.19	14.89
Rates and taxes	20.09	13.51
Insurance	11.88	13.25
Repairs and maintenance:		
Plant and machinery	22.99	17.95
Buildings	5.05	3.60
Others	40.14	35.00
Travelling and conveyance	60.14	37.51
Legal and professional fees	103.52	77.66
Director sitting fees	1.00	0.84
Provision for advance (net)	5.01	-
Provision for impairment allowance of financial assets (net)	(9.41)	11.24
Warranty expenses (net)	35.39	41.00
(Gain) / loss on sale/ discard of assets (net)	(7.64)	0.76
CSR expenditure	7.54	7.84
Miscellaneous expenses (includes printing, communication, security expense, etc.)	49.41	52.47
	1,409.11	1,138.71
Less: capitalised during the year (note 4(a))	(0.12)	(0.04)
Total	1,408.99	1,138.67

29 Earnings Per Share

	March 31, 2022	March 31, 2021
Net profit attributable to the Equity shareholders of the Parent Company	312.31	206.58
Weighted average number of Equity shares of Rs. 2/- each (number in crore)	112,614,860	112,614,860
Basic and diluted earning per share	27.73	18.34

NOTES TO CONSOLIDATED 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 and surplus in equity is shown below:

For the year ended March 31, 2022

Particulars	Cash flow hedge reserve	Foreign Currency translation reserve	Retained Earnings	Total
Foreign currency translation differences	-	2.08	-	2.08
Foreign exchange forward contracts	3.46	-	-	3.46
Reclassified to statement of profit or loss (Net)	(1.54)	-	-	(1.54)
Re-measurement gains on defined benefit plans	-	-	3.62	3.62
Total	1.92	2.08	3.62	7.62

For the year ended March 31, 2021

Particulars	Cash flow hedge reserve	Foreign Currency translation reserve	Retained Earnings	Total
Foreign currency translation differences	-	8.77	-	8.77
Interest rate swap	(0.72)	-	-	(0.72)
Foreign exchange forward contracts	5.97	-	-	5.97
Reclassified to statement of profit or loss (Net)	(1.33)	-	-	(1.33)
Re-measurement gains on defined benefit plans	-	-	4.22	4.22
Total	3.92	8.77	4.22	16.91

31 Contingent Liabilities and Commitments

A Contingent liabilities

a) During earlier years, the Group has received demand notices/show cause-cum-demand notices from the Excise department covering period from June 2000 till June 2017 for Rs. 1,385.47 crores (March 31, 2021: Rs. 1,385.47) (including penalty but excluding interest and further penalty thereon).

These demands are of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the Group, though such duty paid bought out items were directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Group's factory. The Group has filed an appeal against the said orders received before CESTAT, Mumbai. Based on independent legal advice, the Group is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary.

b) Taxes*

	March 31, 2022	March 31, 2021
Excise, Customs Duty and Service tax	26.73	26.63
Sales tax #	35.63	78.41
Income tax demands disputed in appellate proceedings ## ^	200.01	77.17
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Group	16.91	3.30
Others	0.10	0.10

* Excluding interest and penalty thereon.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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

Includes Sales tax and Income tax demands disputed in appellate proceedings pertaining to Thermax Senegal S.A.R.L, a subsidiary which is under liquidation, of Rs. 9.18 and Rs.20.20 (March 31, 2021 of Rs.9.16 and Rs.20.15) respectively.

During the FY 2019-20, the subsidiary received an assessment order for AY 2016-17 majorly adding back income of Rs. 95.53 for sales made to related parties. The subsidiary has filed an appeal with CIT(A) against the said order. Based on the advice obtained from tax consultant, the subsidiary's management does not expect any outflow in respect of this order.

During the FY 2021-22, the subsidiary has received a income tax assessment order for AY 2017-18 majorly adding back income of Rs. 97.93 for sales made to related parties and Rs. 107.19 on account of share premium for shares issued. The subsidiary has filed an appeal with ITAT against the said order. Based on the advice obtained from tax expert, the subsidiary's management does not expect any outflow in respect of this order.

^ 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).

c) Guarantees

The Group has issued various guarantees for performance, deposits, tender money, advances etc. The Group has issued various indemnity bonds, letter of support, corporate guarantees, etc. for working capital requirements purposes to banks for wholly owned subsidiaries. The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

d) Others

	March 31, 2022	March 31, 2021
Liability for export obligations	1.90	71.40
Claims against the Group not acknowledged as debt*	209.68	208.30

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

e) There are certain law suits, disputes, warranty claims, etc., including commercial matters that arise from time to time in the ordinary course of business, the amounts involved in such matters are currently not quantifiable. However, based on managements assessment under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", that claims are not tenable / probability of final outcome against the Group is low and therefore not disclosed as contingent liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

B Capital and other commitments

- Liability in respect of partly paid shares Rs. Nil (March 31, 2021 Rs. 0.09).
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 14.61 (March 31, 2021 Rs. 26.83).
- For lease commitments, refer note 32.

32 Leasing Arrangements

i) Where the Group is lessor

a) Amounts receivable under Finance lease

The Group has entered into certain arrangements with its customers where the Group will supply heat/steam/treated water by installing boiler/heater/water treatment plants at their customers' premises. The Group has determined, that fulfilment of these arrangements is dependent on the use of a specific asset and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets, the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

Particulars	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Within one year	27.46	20.15	15.72	11.08
After one year but not more than five years	84.14	63.19	50.97	40.85
More than five years	48.19	26.68	34.93	20.51
	159.79	110.02	101.62	72.44
Less: Unearned finance income	58.17	37.58	-	-
Present value of minimum lease payments receivable	101.62	72.44	101.62	72.44
Allowance for uncollectible lease payments	-	-	-	-

	March 31, 2022	March 31, 2021
Current portion of finance lease receivables*	15.73	11.42
Non-current portion of finance lease receivables*	85.89	61.02

Particulars	March 31, 2022	March 31, 2021
Estimated unguaranteed residual value of assets under finance lease	-	-
Contingent rent recognised as income during the year	-	-
Interest rate inherent in the lease per annum	10.87% - 17.03%	10.87% - 17.03%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

b) Operating Lease

The Group has leased certain parts of its surplus office, buildings and equipment. 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	0.2	0.13

	March 31, 2022	March 31, 2021
Future minimum lease rental receivables under non-cancellable operating leases are as follows:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

ii) Where the Group is lessee

The Group has taken office buildings, factory sheds, guest house, warehouse, vehicles, printers and other office equipments on lease for a tenure of 1 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. 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 Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Carrying amounts of lease liabilities and the movements during the period

	March 31, 2022	March 31, 2021
Lease liabilities at the beginning of the year	10.47	14.21
Additions (for new lease during the year)	6.29	1.84
Accretion of interest	0.23	0.16
Exchange differences	(0.23)	(0.16)
Payments made	(4.47)	(5.58)
As at 31 March	12.29	10.47
Current portion of lease liabilities	8.13	3.86
Non-current portion of lease liabilities	4.16	6.61
Total	12.29	10.47

NOTES TO CONSOLIDATED 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 amounts recognised in statement of profit and loss

	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets	5.46	6.16
Interest expense on lease liabilities	0.23	0.16
Expense relating to short-term leases (included in other expenses and staff welfare expenses)	19.44	15.00
Expense relating to leases of low-value assets (included in other expenses)	2.15	2.29
Total amount recognised in Consolidated Statement of Profit or Loss	27.28	23.61

Refer note 39(a) III for maturities of finance lease liabilities.

33 Gratuity

The Holding Company and its Indian subsidiaries operate 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 in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees. Overseas subsidiaries do not operate any defined benefit plans for employees.

The fund is subject to risks such as asset volatility, changes in asset yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees reviews and manages 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.

Particulars	March 31, 2022	March 31, 2021
Current asset	18.83	9.50
Current liability	(0.41)	(0.22)
Net asset	18.42	9.28

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	108.42	(110.24)	(1.82)
Current service cost	10.12	-	10.12
Interest expense/(income)	6.11	(6.37)	(0.26)
Total amount recognised in Profit or Loss	16.23	(6.37)	9.86
Experience adjustments	1.91	-	1.91
Asset ceiling adjustment	-	0.82	0.82
Return on plan assets (income)	-	(1.38)	(1.38)
Actuarial gain from change in financial assumptions	(7.12)	-	(7.12)
Total amount recognised in Other Comprehensive Income	(5.21)	(0.56)	(5.76)
Employer contributions	-	(11.56)	(11.56)
Benefits paid	(18.16)	18.16	-
March 31, 2021	101.28	(110.56)	(9.28)
Arising on account of acquisition	-	-	-
Current service cost	10.49	-	10.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Interest expense/(income)	6.00	(7.22)	(1.22)
Total amount recognised in Profit or Loss	16.49	(7.22)	9.27
Experience adjustments	(3.23)	-	(3.23)
Return on plan assets (income)	-	(0.28)	(0.28)
Actuarial gain from change in demographic assumptions	(0.36)	-	(0.36)
Actuarial gain from change in financial assumptions	(1.24)	0.23	(1.01)
Total amount recognised in Other Comprehensive Income	(4.83)	(0.05)	(4.88)
Employer contributions	-	(13.52)	(13.52)
Benefits paid	(10.59)	10.59	-
March 31, 2022	102.34	(120.76)	(18.42)

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

Particulars	March 31, 2022	March 31, 2021
Present value of funded obligation	102.34	101.28
Fair value of plan assets	(120.76)	(110.56)
Surplus of funded plan	(18.42)	(9.28)

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	6.5% to 7.2%	6.4% to 6.9%
Salary growth rate	5 % to 9 %	5 % to 8 %
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 14%	5% to 14%

IV Sensitivity analysis

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

Assumption	March 31, 2022		March 31, 2021	
	Impact of 1% increase	Impact of 1% decrease	Impact of 1% increase	Impact of 1% decrease
Discount rate	Decrease by 6.18	Increase by 7.51	Decrease by 6.07	Increase by 6.86
Future salary increase	Increase by 5.87	Decrease by 5.36	Increase by 6.14	Decrease by 5.54
Attrition rate	Increase by 0.28	Decrease by 0.31	Increase by 0.25	Decrease by 0.27

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 years.

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The following are the expected cash outflows to the defined benefit plan in future years:

Particulars	March 31, 2022	March 31, 2021
	Within next 12 months	13.73
Between 2-5 years	45.24	40.89
Next 5 years	43.29	41.89

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.84 years (March 31, 2021: 8.82 years)

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%

34 Interests in Other Entities

Group information

A Subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. 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 held by the Group		Principal activities
			March 31, 2022	March 31, 2021	
1	Thermax Onsite Energy Solutions Ltd	India	100%	100%	Supply of steam, heat and solar on build, own and operate basis
2	Thermax Instrumentation Ltd.	India	100%	100%	Civil, Erection & Commissioning and Operation and Maintenance of power plants
3	Thermax Engineering Construction Company Ltd.	India	100%	100%	Installation of industrial machinery and equipment
4	Thermax Sustainable Energy Solutions Ltd. ^^^^	India	100%	100%	Carbon advisory services
5	Thermax International Ltd.	Mauritius	100%	100%	Investment Company
6	Thermax Europe Ltd.	United Kingdom	100%	100%	Sale and service of vapour absorption chillers
7	Thermax Inc.	USA	100%	100%	Sale and service of vapour absorption chillers and sale of chemicals
8	Thermax do Brasil Energia e Equipamentos Ltda	Brazil	100%	100%	Rendering services including technical assistance
9	Thermax Netherlands BV.	Netherlands	100%	100%	Investment Company

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Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2022	March 31, 2021	
10	Thermax Denmark ApS	Denmark	100%	100%	Investment Company
11	Danstoker A/S	Denmark	100%	100%	Produces and sells boilers to the energy market
12	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	100%	100%	Own and lease out property within Group
13	Boilerworks A/S	Denmark	100%	100%	Produces and supplies high-pressure boilers and components
14	Boilerworks Properties ApS Industrivej^****	Denmark	100%	100%	Own and lease out the property within Group
15	Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	Poland	100%	100%	Produces and supplies high-pressure boilers and components
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%	Manufacturing steam trap systems
17	Thermax Sdn.Bhd	Malaysia	100%	100%	Turnkey solutions provider
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%	Investment Company and trading of solar power modules
19	PT Thermax International Indonesia	Indonesia	100%	100%	Manufacturing of industrial products
20	Thermax Senegal S.A.R.L ^****	Senegal	100%	100%	Plant management services
21	First Energy Private Limited	India	100%	100%	Solar business
22	Thermax Energy & Environment Philippines Corporation	Philippines	100%	100%	Marketing and sales of component parts of boilers
23	Thermax Energy & Environment Lanka (Private) Limited	Sri Lanka	100%	100%	Marketing and sales of component parts of boilers
24	Thermax Nigeria Limited	Nigeria	100%	100%	Marketing and sales of component parts of boilers
25	Thermax Babcock & Wilcox Energy Solutions Ltd (formerly known as Thermax Babcock & Wilcox Energy Solutions Pvt Ltd)	India	100%	100%	Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers

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Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2022	March 31, 2021	
26	Thermax Cooling Solutions Limited	India	100%	100%	Supply and erection commissioning of Air cooled condenser (ACC), Rotary air Pre-Heater (RAPH), electrostatic precipitator (ESP), Bag Houses
27	Thermax Engineering Construction FZE	Nigeria	100%	100%	Operation and maintenance of power plants
28	Thermax International Tanzania Limited	Tanzania	100%	100%	Supervision for project business, operation and maintenance services and sales related support.
29	Thermax (Thailand) Limited	Thailand	100%	100%	Trade and investment support office.
30	ESOP Trust and Employee Welfare Trusts**	India	100%	100%	Employee welfare
31	Enernxt Private Limited	India	100%	100%	Supply of biogas on build, own, operate and transfer basis
32	First Energy TN 1 Private Limited^^	India	100%	NA	Supply of solar power on build, own and operate basis
33	First Energy 2 Private Limited^^^	India	100%	NA	Supply of solar power on build, own and operate basis

Thermax Hong Kong Ltd. (wholly owned subsidiary) has not been considered for consolidation as the same has been closed on September 11, 2020.

** The Group has ESOP trust and Employee Welfare Trusts for the welfare of the employees. Pursuant to the arrangement between the Trusts and the Holding Company, the Holding 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. As a result, these entities have been consolidated in these financial statements.

^^ Date of incorporation January 31, 2022.

^^^ Date of incorporation March 29, 2022. There are no transaction during the year, hence not consolidated.

^^^^ The subsidiaries are under liquidation process.

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B Parent entity

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Type
			March 31, 2022	March 31, 2021	
1	RDA Holdings Pvt Ltd	India	53.99%	53.99%	Ultimate Holding company

The above percentage of shareholding is before elimination of Trust's holding**.

C Associate

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Type
			March 31, 2022	March 31, 2021	
1	Exactspace Technologies Private Limited (date of acquisition - January 25, 2022)	India	10.41%	NA	Business of developing artificial intelligence solutions for the energy industry

The investments listed above has been accounted by equity method.

35 Related Party Disclosures

A For details of Holding company, refer note 34.

B Individuals having significant influence over the Group by reason of voting power, and their relatives:

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

C 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

- 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.

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

- 1 Thermax Foundation, India
- 2 ARA Trusteeship Company Private Limited, India
- 3 Marico Limited, India
- 4 Elgi Equipments Limited, India

E Transactions with related parties:

Particulars	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 B and C above		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
a. Transactions during the year						
Sales of products and services	5.65	0.04	-	-	5.65	0.04
Purchase of raw material and components	0.34	1.44	-	-	0.34	1.44
Reimbursement of expenses	0.03	-	-	-	0.03	-
Other expenses	0.04	-	-	-	0.04	-
Miscellaneous expense	-	0.02	-	-	-	0.02
Remuneration to key management personnel*	-	-	7.36	22.21	7.36	22.21
Donation	7.54	7.84	-	-	7.54	7.84
Director's sitting fees ^	-	-	0.78	0.60	0.78	0.60
Commission paid	-	-	4.82	3.93	4.82	3.93
Rent paid	-	-	0.60	0.35	0.60	0.35

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Dividend paid to RDA Holdings Pvt. Ltd., India is Rs.4.58 (March 31, 2021 : Rs. Nil) including interim dividend for the year 2020-21.

^ Includes sitting fees paid to director's of holding companies.

Particulars	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 B and C above		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
b. Balances as at the year end						
Trade receivables	0.60	0.02	-	-	0.60	0.02
Security deposit	-	-	0.53	0.18	0.53	0.18
Trade payables and other liabilities	1.01	0.81	-	-	1.01	0.81

F Related party transactions include transactions pertaining to the following parties with whom the percentage of the transactions are 10 % or more of the total of the above:

Particulars	March 31, 2022	March 31, 2021
Transactions during the year		
Sale of product and services		
Marico Limited	5.65	0.04
Purchase of raw material and components		
Elgi Equipments Limited	0.34	1.43
Festo India Private Limited	-	0.01
Reimbursement of expenses		
Dr. Jairam Varadaraj	**	-
Dr. Valentin A. H. von Massow	**	-
Mr. Ravi Shankar Gopinath	0.02	-
Other expenses		
Ms. Lea Pudumjee	0.03	-
Remuneration to key management personnel		
Mr. M. S. Unnikrishnan	-	14.82
Mr. Ashish Bhandari	5.25	5.64
Mr. Rajendran Arunachalam	1.49	1.39
Mr. Kedar Phadke	0.25	0.36
Ms. Janhavi Khele	0.37	-

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

Particulars	March 31, 2022	March 31, 2021
Donation		
Thermax Foundation, India	7.54	7.84
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	0.14	0.11
Mr. Ravi Pandit	0.08	0.06
Mrs. Rajani Kesari	0.10	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
Mr. 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

** represents amount less than a lakh rupees

Particulars	March 31, 2022	March 31, 2021
Trade receivables		
Marico Limited	0.60	0.02
Trade payables and other liabilities		
Elgi Equipments Limited	0.16	0.01
Marico Limited	0.76	0.80
Security deposits		
Mr. Pheroz Pudumjee	0.18	0.18
Mrs. Anu Aga	0.35	0.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

G. Terms and conditions of related party transactions:

The sales to and purchases from related parties are assessed to be at arm's length by the management.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Rs. Nil). 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.

All outstanding balances are unsecured and repayable in cash.

36 Segment Reporting

The Group's portfolio includes boilers and heaters, absorption chillers/heat pumps, power plants, solar equipment, related services, air pollution control equipment/system, water and waste recycle plant, ion exchange resins and performance chemicals and related services. The CEO and Managing Director (CMD) of the Company has been identified as the chief operating decision maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the CMD; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The CMD evaluates the segments based on their revenue and operating results.

The CODM evaluates performance based on the revenues and operating profit for the three segments- Energy, Environment and Chemical. The composition of these segments is given below:

Segment	Products Covered
a) Energy	Boilers and heaters, Absorption Chillers/Heat Pumps, Power Plants, Solar equipment's and related services.
b) Environment	Air Pollution Control equipment/systems, Water & Waste Recycle Plants and related services.
c) Chemical	Ion Exchange Resins, Performance Chemicals, Water Treatment Chemicals, Oil Field Chemicals, Paper Chemicals and Construction Chemicals.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Inter-segment transfer price is calculated as cost plus reasonable mark-up.

I Information about Business Segments:

Sr. No.	Particulars	March 31, 2022	March 31, 2021
i	Segment Revenue		
	a. Energy	4,434.27	3,627.29
	b. Environment	1,293.92	794.13
	c. Chemical	538.51	429.45
	Total	6,266.70	4,850.87
	Less: Inter segment revenue	138.37	59.62
	Income From operations	6,128.33	4,791.25
ii	Depreciation and amortization		
	a. Energy	65.38	72.72
	b. Environment	5.66	5.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Sr. No.	Particulars	March 31, 2022	March 31, 2021
	c. Chemical	19.49	17.34
	d. Unallocated	22.71	18.57
		113.24	114.57
iii	Segment Results		
	Profit before tax and interest from each segment		
	a. Energy	285.50	217.71
	b. Environment	42.97	37.59
	c. Chemical	62.38	103.38
	Total	390.85	358.68
	Less : i) Interest	25.17	20.64
	ii) Other unallocable expenditure net of unallocable (income)	(44.29)	10.32
	iii) Share of profit on associate (relating to energy segment)	(0.13)	-
	iv) Exceptional items (relating to Energy segment)	-	52.53
	Total profit before tax	410.10	275.19

Sr. No.	Particulars	March 31, 2022	March 31, 2021
iv	Segment Assets		
	a. Energy	3,252.66	2,759.84
	b. Environment	710.89	521.21
	c. Chemical	477.52	415.06
	d. Unallocated	3,020.04	2,810.76
	Total Assets	7,461.11	6,506.87
v	Segment Liabilities		
	a. Energy	2,942.03	2,445.37
	b. Environment	687.51	516.41
	c. Chemical	88.07	61.90
	d. Unallocated	251.01	231.80
	Total Liabilities	3,968.62	3,255.48

Reconciliations to amounts consolidated in financial statements

Reconciliation of profit

Particulars	March 31, 2022	March 31, 2021
Segment profit	390.85	358.68
Other income	127.01	107.74
Exceptional items	-	(52.53)
Finance cost	(25.17)	(20.64)
Other corporate costs*	(82.59)	(118.06)
Profit before tax	410.10	275.19

* Mainly includes employee cost, legal and professional expenses, depreciation on unallocable assets, etc.

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

Reconciliation of assets

Particulars	As at March 31, 2022	As at March 31, 2021
Segment operating assets	4,441.07	3,696.11
Investments	1,476.53	234.46
Cash and bank balances	953.50	1,939.20
Balances with government authorities	124.00	163.85
Income tax assets	194.34	165.69
Other unallocated assets (includes deferred tax, etc.)	271.67	307.56
Total assets	7,461.11	6,506.87

Reconciliation of liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Segment operating liabilities	3,717.61	3,023.68
Borrowings	101.42	115.10
Income tax liabilities	23.39	25.11
Other unallocable liabilities	126.20	91.59
Total liabilities	3,968.62	3,255.48

II Information about geographic segment

Revenue from external customers

Particulars	March 31, 2022	March 31, 2021
India	4,505.94	3,116.12
Outside India	1,622.39	1,675.13
Total	6,128.33	4,791.25

No individual customer contributed more than 10% of Group's total revenue for the year ended March 31, 2022 and March 31, 2021.

Non-current asset

Particulars	March 31, 2022	March 31, 2021
India	1,382.03	1,373.80
Outside India	149.05	148.01
Total	1,531.08	1,521.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

37 Investment in an Associate

The Group has acquired 10.41% share in Exactspace Technologies Private Limited (Exactspace), which is involved in business of developing artificial intelligence solutions for the energy industry. The Group has right to participates in policy-making decision. As a result, the Holding Company holds significant influence in Exactspace and the interest in Exactspace is accounted for using equity method in consolidated financial statements.

The summarised financial information of the associate, based on their unaudited Ind AS financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below:

Summarised balance sheet	As at March 31, 2022
Current assets	
Cash and cash equivalents	6.41
Other current assets	2.75
Total current assets (A)	9.16
Total Non-current assets (B)	0.38
Non-current liabilities	
Financial liabilities	0.29
Other Non-current liabilities	0.27
Total Non-current liabilities (C)	0.56
Current liabilities	
Financial liabilities	0.13
Other current liabilities	0.40
Total current liabilities (D)	0.53
Net assets E=(A+B-C-D)	8.45
Group's share in net assets - 10.41% (March 31, 2021: Rs. Nil)	0.88
Goodwill	5.75
Carrying amount	6.63

The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not Thermax Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

Summarised Statement of Profit and Loss	January 25, 2022 to March 31, 2022
Total income	2.39
Cost of raw materials and components consumed	0.17
Depreciation and amortisation expense	0.12
Employee benefits expense	0.22
Other expenses	0.66
Profit before tax	1.22
Tax Expense	-
Profit for the period	1.22
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-
Total comprehensive income for the period	1.22
Group's share of profit - 10.41% (March 31, 2021 of Nil)	0.13

The Group has an agreement with its Associate that the profits of the Associate will not be distributed until it obtains the consent of the Holding Company. The Parent does not foresee giving such consent at the reporting date. The Associate had no contingent liabilities or capital commitments as at March 31, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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38 Fair Value Measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost:

	As at March 31, 2022	As at March 31, 2021
Trade receivables	1,597.24	1,337.97
Loans	7.16	8.13
Finance lease receivables	101.62	72.44
Other assets	558.40	438.97
Cash and cash equivalents	310.78	461.31
Bank balances other than cash and cash equivalents	642.72	1,477.89
Total	3,217.92	3,796.71
Current assets	2,859.25	3,558.36
Non-current assets	358.67	238.35
Total	3,217.92	3,796.71

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	1,469.90	234.46
Total	1,469.90	234.46
Current assets	766.54	115.25
Non-current assets	703.36	119.21
Total	1,469.90	234.46

The fair values of the quoted shares are based on price quotations 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	2.25	1.66
Derivative not designated as hedges		
Foreign exchange forward contracts	3.86	3.44
Total	6.11	5.10
Current assets	6.11	5.10
Non-current assets	-	-
Total	6.11	5.10

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

Details of financial liabilities carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings	355.42	317.42
Trade payables	1,507.40	1,170.95
Employee related payables	84.28	73.56
Other liabilities	49.79	56.53
Total	1,996.89	1,618.46
Current liabilities	1,862.42	1,538.68
Non-current liabilities	134.47	79.78
Total	1,996.89	1,618.46

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

The Group enters into derivative financial instruments 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. The Group has practice to settle all derivative contracts on or before its maturity using the sanctioned finance limits with banks, thereby eliminating both counterparty and the Group'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.

Details of derivative liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.84	2.70
Derivative not designated as hedges		
Foreign exchange forward contracts	2.94	2.84
Total	3.78	5.54
Current liabilities	3.78	5.54
Non-current liabilities	-	-
Total	3.78	5.54

NOTES TO CONSOLIDATED 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 Group's assets and liabilities.

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

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2022	-	-	-	-
Mutual funds	March 31, 2022	1,163.99	-	-	1,163.99
Derivative financial assets	March 31, 2022	-	6.11	-	6.11
Financial liabilities					
Derivative financial liabilities	March 31, 2022	-	3.78	-	3.78

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

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2021	0.16	-	-	0.16
Mutual funds	March 31, 2021	-	234.30	-	234.30
Derivative financial assets	March 31, 2021	-	5.10	-	5.10
Financial liabilities					
Derivative financial liabilities	March 31, 2021	-	5.54	-	5.54

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

The fair value of forward contracts is determined using observable inputs, such as currency exchange rates applied to notional amounts stated in the applicable contracts.

39 (a) Financial risk management

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

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

The Group'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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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 Group is not currently exposed significantly to such risk as most of the borrowings are on fixed interest terms.

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 Group'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 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 Group 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 settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SEK, EUR and JPY exchange rates, with all other variables held constant. The impact on the Group'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 Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	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%	(0.76)	(2.68)	(0.45)	1.68
INR/ USD - Decrease by 1%	0.76	2.68	0.45	(1.68)
SEK Sensitivity				
INR/ SEK - Increase by 1%	(0.22)	0.10	-	0.02

NOTES TO CONSOLIDATED 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
INR/ SEK - Decrease by 1%	0.22	(0.10)	-	(0.02)
EUR Sensitivity				
INR/ EUR - Increase by 1%	1.34	0.53	0.35	0.20
INR/ EUR - Decrease by 1%	(1.34)	(0.53)	(0.35)	(0.20)
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.17	0.07	-	-
INR/ JPY - Decrease by 1%	(0.17)	(0.07)	-	-

Favourable impact shown as positive and adverse impact as negative.

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

c Price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Group 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/corporate deposits. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. The Group 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 Group is exposed to credit risk from its operating activities (primarily trade receivables, lease assets and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables / contract assets / lease receivable

Customer credit risk is managed by each business unit. 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, 9(b) and 32 above. The charge of impairment to Statement of profit and loss is disclosed in note 28 above. The Group 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.

Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Group's treasury department in accordance with the Group'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

The Group'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 derivative instruments disclosed in notes 9(b) and 18(b) to the consolidated 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, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Group in accordance with practice and limits set by the Group. In addition, the Group'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 Group's financial liabilities into relevant maturity profile based on contractual undiscounted payments:

March 31, 2022	< 1 year	1 to 3 years	> 3 years	Total
Non-derivative				
Borrowings				
Loans	294.00	34.12	27.30	355.42
Trade Payables	1,459.76	47.64	-	1,507.40
Other financial liabilities				
Lease obligation	4.16	4.27	5.95	14.38
Unpaid dividend	0.78	-	-	0.78
Other payables	103.72	7.60	24.21	135.53
Derivatives (net settled)				
Foreign exchange forward contracts	3.78	-	-	3.78

March 31, 2021	< 1 year	1 to 3 years	> 3 years	Total
Non-derivative				
Borrowings				
Loans	295.26	12.45	9.71	317.42
Trade Payables	1,138.01	32.94	-	1,170.95
Other financial liabilities				
Lease obligation	3.86	6.87	1.35	12.08
Unpaid dividend	0.89	-	-	0.89
Other payables	100.66	5.31	24.13	130.10
Derivatives (net settled)				
Foreign exchange forward contracts	5.54	-	-	5.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

39 (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 EUR, USD, SEK, and forecast purchases in USD, JPY and SEK. These forecast transactions are highly probable, and fully cover the Group's expected future sales and future purchases based on the orders received. While the Group 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	6.11	(3.19)	5.10	(4.38)

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	308.77	18.52	304.44	24.58
Derivatives not designated as hedges				
Foreign exchange forward contracts	592.71	89.54	558.33	151.18

All the derivative contracts expire in 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)	1.16	(0.01)	0.35	(0.25)
Deferred tax asset/ (liability)	(0.29)	0.00	(0.09)	0.06
	0.87	(0.01)	0.26	(0.19)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

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

Interest rate swap (cash flow hedge)

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly); the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

The carrying value of interest rate swap at the end of the reporting year are as follows:

Particulars	March 31, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(0.59)	-	(1.16)

The nominal value of interest rate swap are:

Particulars	March 31, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	(6.81)	-	(8.23)

40 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

Name of struck off company	Entity name	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	Thermax Limited	Payable	0.03	0.02	None
Ecomax Engineering Service Private Limited	Thermax Limited	Payable	-	0.01	None
Inlay Infra Private Limited	Thermax Limited	Payable	0.02	-	None
Optimus Ventures Private Limited	Thermax Limited	Payable	0.01	-	None
Parim Infocomm Private Limited	Thermax Instrumentation Limited	Payable	**	-	None
Reliance Communications Infrastructure Limited	Thermax Limited	Payable	**	-	None
Sapre Designs and Instruments Private Limited	Thermax Limited	Payable	**	-	None
Sharda IT Services Private Limited	Thermax Limited	Payable	0.03	-	None
Thermochill Engineering Service Private Limited	Thermax Limited	Payable	-	**	None
Urja Sealants Private Limited	Thermax Limited	Payable	**	-	None
Jahannagar Textile Mill Private Limited	Thermax Limited	Receivable	0.26	-	None
Madras Engineering Works	Thermax Limited	Receivable	**	-	None

** Less than a lac rupees

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(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	Entity name	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	Thermax Limited	Payable	-	**	None
Anj Securedocs Security Private Limited	Thermax Limited	Payable	-	0.01	None
Draj Engineering System Private Limited	Thermax Limited	Payable	0.23	-	None
Ecomax Engineering Service Private Limited	Thermax Limited	Payable	-	0.01	None
Fanuc India Private Limited	Thermax Babcock & Wilcox Energy Solutions Limited	Payable	0.01	**	None
Industrial Systems & Equipments Limited	Thermax Limited	Payable	-	**	None
Inlay Infra Private Limited	Thermax Limited	Payable	-	0.24	None
Optimus Ventures Private Limited	Thermax Limited	Payable	0.09	-	None
Parim Infocomm Private Limited	Thermax Instrumentation Limited	Payable	-	**	None
Reliance Communications Infrastructure Limited	Thermax Limited	Payable	-	**	None
Sai Bhavani Powertech Private Limited	Thermax Limited	Payable	-	0.01	None
Sharda IT Services Private Limited	Thermax Limited	Payable	-	0.03	None
Sonar Communications Private Limited	Thermax Limited	Payable	-	**	None
Steelmen Infratech Private Limited	Thermax Limited	Payable	-	0.01	None
Super Synthetics Limited	Thermax Limited	Payable	0.02	-	None
Roto Pumps Ltd	Thermax Babcock & Wilcox Energy Solutions Limited	Payable	-	**	None
Tele-Net Engineers Private Limited	Thermax Limited	Payable	-	**	None
Thermochill Engineering Service Private Limited	Thermax Limited	Payable	-	**	None
Thermochill Engineering Service Private Limited	Thermax Limited	Payable	**	-	None
Urja Sealants Private Limited	Thermax Limited	Payable	**	-	None
Anand Polymers Limited	Thermax Limited	Receivable	-	**	None
Anil Ghosh Tea Factory Private Limited	Thermax Limited	Receivable	-	0.04	None
AVS Hospitality (P) Limited	Thermax Limited	Receivable	-	**	None
Graphite India Limited	Thermax Limited	Receivable	-	0.02	None
Jahannagar Textile Mill Private Limited	Thermax Limited	Receivable	-	0.06	None
Manas Watertech Engineers Private Limited	Thermax Limited	Receivable	-	**	None
Panjwani Foods Limited	Thermax Limited	Receivable	-	0.07	None
Rana Sponge Limited	Thermax Limited	Receivable	-	**	None
S M S Exports Limited	Thermax Limited	Receivable	-	**	None
Shree Rengaa Papers Private Limited	Thermax Limited	Receivable	-	0.12	None
Shri Samarath Engineering Private Limited	Thermax Limited	Receivable	-	0.01	None
Super Synthetics Limited	Thermax Limited	Receivable	0.15	-	None
Thermochill Engineering Service Private Limited	Thermax Limited	Receivable	-	0.01	None
Thermochill Engineering Service Private Limited	Thermax Limited	Receivable	0.12	-	None

** Less than a lac 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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

41 Capital Management

The Group's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Group. The Group 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 years ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2022	March 31, 2021
Borrowings	355.42	317.42
Trade payables	1,507.40	1,170.95
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)	(954.28)	(1,939.20)
Net (surplus) / debt	915.88	(449.10)
Equity	3,492.49	3,251.39
Capital and net debt	4,408.37	2,802.29
Gearing ratio	1:4.81	NA

42 Exceptional Items

	Note	March 31, 2022	March 31, 2021
Impairment of Goodwill related to Thermax Netherlands B.V. group	4(c)	-	32.88
Voluntary Retirement Scheme #		-	9.15
Impairment of certain assets of Boilerworks A/S	4 (a) & (c)	-	8.82
Provision for closure of Omnical Kessel & Apparatebau GmbH, Germany		-	1.68
Total		-	52.53

The Group 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. 9.15). The outstanding amount of scheme benefits payable to employees as on March 31, 2022 is Rs. 4.11 (March 31, 2021 : Rs. 7.44).

43 Other Statutory Information

- (i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Group have not traded or invested in crypto currency or virtual currency during the financial year.
- (iv) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) 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
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

- (v) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vi) The Group have not 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).

44 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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45 Additional Information Required by Schedule III

Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2022

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss (PAT)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent Company								
Thermax Limited	85.93%	3,001.00	64.29%	200.79	55.64%	4.24	64.09%	205.03
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Ltd (formerly known as Thermax Babcock & Wilcox Energy Solutions Pvt Ltd)	15.43%	538.98	26.39%	82.43	13.65%	1.04	26.09%	83.47
Thermax Onsite Energy Solutions Limited	3.97%	138.59	4.33%	13.51	(0.39%)	(0.03)	4.21%	13.48
Thermax Instrumentation Limited	1.24%	43.45	2.87%	8.95	2.89%	0.22	2.87%	9.17
Thermax Engineering Construction Co. Ltd.	0.35%	12.32	2.53%	7.89	(3.02%)	(0.23)	2.39%	7.66
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	0.19%	6.53	0.48%	1.50	1.97%	0.15	0.52%	1.65
Thermax Sustainable Energy Solutions Limited ^	(0.11%)	(3.83)	0.00%	-	-	-	0.00%	-
First Energy Private Limited (Consol.)	0.94%	32.72	0.31%	0.97	0.00%	-	0.30%	0.97
Enerxt Private Limited	0.67%	23.56	0.04%	0.12	0.00%	-	0.04%	0.12
Foreign subsidiaries								
Thermax Engineering Singapore Pte. Ltd.	2.88%	100.73	(6.45%)	(20.14)	-	-	(6.30%)	(20.14)
PT Thermax International Indonesia	1.97%	68.74	(3.61%)	(11.28)	0.00%	-	(3.53%)	(11.28)
Thermax Inc.	2.09%	72.92	1.18%	3.67	-	-	1.15%	3.67
Thermax Europe Limited	1.81%	63.17	0.07%	0.23	-	-	0.07%	0.23
Thermax Netherlands B.V.	0.68%	23.78	(0.18%)	(0.55)	-	-	(0.17%)	(0.55)
Thermax Denmark ApS (Consol.)	0.91%	31.72	1.91%	5.97	6.04%	0.46	2.01%	6.43
Thermax International Limited	0.16%	5.54	(0.05%)	(0.15)	-	-	(0.05%)	(0.15)
Thermax Energy and Environment Lanka (Pvt) Limited	0.13%	4.48	0.04%	0.13	-	-	0.04%	0.13
Rifox-Hans Richter GmbH Spezialarmaturen	0.25%	8.77	0.74%	2.32	-	-	0.73%	2.32
Thermax Energy & Environment Philippines Corporation	0.14%	4.96	0.08%	0.24	-	-	0.08%	0.24
Thermax Engineering Construction FZE	0.33%	11.64	1.14%	3.56	-	-	1.11%	3.56
Thermax Sdn.Bhd	0.05%	1.69	0.07%	0.23	-	-	0.07%	0.23
Thermax Nigeria Limited	0.03%	1.18	0.04%	0.12	-	-	0.04%	0.12
Thermax do Brasil-Energia e Equipamentos Ltda.	0.02%	0.60	0.02%	0.06	-	-	0.02%	0.06
Thermax International Tanzania Limited	0.30%	10.59	2.72%	8.50	-	-	2.66%	8.50
Thermax (Thailand) Limited	0.10%	3.37	0.05%	0.16	-	-	0.05%	0.16
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts	3.68%	128.41	2.57%	8.04	-	-	2.51%	8.04
Consolidation Adjustments	(24.14%)	(843.12)	(1.59%)	(4.96)	23.23%	1.77	(1.00%)	(3.19)
Total	100.00%	3,492.49	100.00%	312.31	100.00%	7.62	100.00%	319.93

^ Thermax Sustainable Energy Solutions Limited, subsidiary handed over to liquidator for liquidation, hence consolidated up to the date of loss of control.

First Energy 2 Private Limited has been incorporated on March 29, 2022. There are no transaction during the year, hence not included in above statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2021

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss (PAT)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated Other Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent Company								
Thermax Limited	88.56%	2,879.43	68.26%	141.01	5.14%	0.87	63.48%	141.88
Indian subsidiaries								
Thermax Babcock & Wilcox Energy Solutions Ltd (formerly known as Thermax Babcock & Wilcox Energy Solutions Pvt Ltd)	14.01%	455.51	13.50%	27.88	52.22%	8.83	16.43%	36.71
Thermax Onsite Energy Solutions Limited	2.93%	95.40	5.41%	11.18	(0.24%)	(0.04)	4.98%	11.14
Thermax Instrumentation Limited	1.22%	39.67	3.76%	7.76	(4.67%)	(0.79)	3.12%	6.97
Thermax Engineering Construction Co. Ltd.	0.57%	18.55	(0.16%)	(0.34)	(4.55%)	(0.77)	(0.50%)	(1.11)
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	0.15%	4.88	0.02%	0.05	(0.41%)	(0.07)	(0.01%)	(0.02)
Thermax Sustainable Energy Solutions Limited	(0.12%)	(3.83)	0.76%	1.58	-	-	0.71%	1.58
First Energy Private Limited	(0.63%)	(20.49)	(1.03%)	(2.13)	-	-	(0.95%)	(2.13)
Foreign subsidiaries								
Thermax Engineering Singapore Pte. Ltd.	3.48%	113.14	(17.88%)	(36.93)	-	-	(16.52%)	(36.93)
PT Thermax International Indonesia	2.16%	70.07	(6.98%)	(14.42)	(0.12%)	(0.02)	(6.46%)	(14.44)
Thermax Inc.	2.05%	66.74	5.91%	12.20	-	-	5.46%	12.20
Thermax Europe Limited	1.96%	63.70	1.81%	3.73	-	-	1.67%	3.73
Thermax Netherlands B.V.	0.30%	9.84	(39.34%)	(81.26)	-	-	(36.36%)	(81.26)
Thermax Denmark ApS (Consol.)	0.40%	13.11	(22.98%)	(47.47)	(4.26%)	(0.72)	(21.56%)	(48.19)
Thermax International Limited	0.17%	5.68	(2.98%)	(6.16)	-	-	(2.76%)	(6.16)
Thermax Energy and Environment Lanka (Pvt) Limited	0.19%	6.17	0.12%	0.24	-	-	0.11%	0.24
Rifox-Hans Richter GmbH Spezialarmaturen	0.21%	6.67	0.44%	0.91	-	-	0.41%	0.91
Thermax Energy & Environment Philippines Corporation	0.15%	4.86	(0.00%)	(0.01)	-	-	(0.00%)	(0.01)
Thermax Engineering Construction FZE	0.46%	15.04	4.78%	9.88	-	-	4.42%	9.88
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. #	0.00%	-	(0.27%)	(0.56)	-	-	(0.25%)	(0.56)
Thermax Sdn.Bhd	0.04%	1.43	0.03%	0.07	-	-	0.03%	0.07
Thermax Nigeria Limited	0.03%	1.11	0.16%	0.33	-	-	0.15%	0.33
Thermax Senegal S.A.R.L. ^	0.00%	-	(0.05%)	(0.11)	-	-	(0.05%)	(0.11)
Thermax do Brasil-Energia e Equipamentos Ltda.	0.01%	0.43	0.02%	0.04	-	-	0.02%	0.04
Thermax (Thailand) Limited	0.02%	0.66	(0.11%)	(0.22)	-	-	(0.10%)	(0.22)
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts	3.70%	120.38	2.23%	4.60	-	-	2.06%	4.60
Consolidation Adjustments	(22.04%)	(716.76)	84.58%	174.73	56.89%	9.62	82.49%	184.35
Total	100.00%	3,251.39	100.00%	206.58	100.00%	16.91	100.00%	223.49

Thermax International Tanzania Limited has been incorporated on December 7, 2019. Hence, not included in above statement.

Enerxt Private Limited has been incorporated on January 5, 2021. Hence, not included in above statement.

^ Thermax Senegal S.A.R.L., subsidiary handed over to liquidator for liquidation, hence consolidated up to the date of loss of control.

The subsidiary was liquidated on March 02, 2021, hence consolidated up to the date of liquidation.

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

per Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

FORM AOC- I

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures Pursuant to first proviso to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014.

Part "A": Subsidiaries

(Rs. in Crore)

Particulars	Reporting Period	Date of acquisition	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision for tax	Profit After Tax	Proposed Dividend	% of Share Holding	Reporting Currency	Exchange Rate as on 31st March 2022
Thermax Sustainable Energy Solutions Ltd.	2021-22		4.75	(8.58)	0.24	4.07	-	-	-	-	-	-	100.00	INR	
Thermax Engineering Construction Co. Ltd.	2021-22		4.50	7.82	16.52	4.20	0.01	2.59	8.42	0.53	7.89	13.90	100.00	INR	
Thermax Instrumentation Ltd.	2021-22		9.00	34.45	136.67	93.23	5.75	145.43	15.63	6.68	8.95	5.40	100.00	INR	
Thermax Onsite Energy Solutions Ltd.	2021-22		72.28	66.31	273.03	134.43	23.63	204.93	18.33	4.82	13.51	-	100.00	INR	
First Energy Private Limited	2021-22	31-Aug-16	39.47	(6.51)	71.96	7.77	22.36	22.56	1.02	-	1.02	-	100.00	INR	
First Energy TN 1 Private Limited	2021-22		22.00	(0.23)	25.08	3.31	-	-	(0.04)	-	(0.04)	-	100.00	INR	
Thermax International Ltd. (Mauritius)	2021-22		26.09	(19.80)	10.12	3.83	6.82	-	(0.15)	-	(0.15)	-	100.00	USD	75.79
Thermax Europe Ltd. (U.K.)	2021-22		1.99	61.18	77.27	14.10	-	54.15	0.29	0.05	0.23	-	100.00	GBP	99.53
Thermax Inc. (U.S.A.)	2021-22		3.79	69.13	132.93	60.01	-	161.67	4.97	1.30	3.67	-	100.00	USD	75.79
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	2021-22		1.74	(1.14)	0.65	0.05	-	0.18	0.06	-	0.06	-	100.00	Brazilian Real	15.99
Thermax Denmark ApS.	2021-22		146.59	(115.01)	81.98	50.40	76.45	-	5.82	(0.12)	5.93	-	100.00	DKK	11.28
Thermax Netherlands BV.	2021-22		271.79	(243.68)	28.40	0.29	27.22	-	(0.55)	-	(0.55)	-	100.00	EUR	83.86
Danstoker A/S	2021-22	1-Oct-10	11.28	32.36	147.49	103.85	27.29	182.42	7.10	1.40	5.70	-	100.00	DKK	11.28
Ejendomsanp-artselskabet Industrivej Nord 13	2021-22	1-Oct-10	0.23	32.81	61.12	28.08	10.60	-	1.28	0.23	1.05	-	100.00	DKK	11.28
Boilerworks A/S	2021-22		0.56	(5.41)	10.26	15.11	-	3.14	(1.05)	(0.70)	(0.35)	-	100.00	DKK	11.28
Boilerworks Properties ApS	2021-22		0.11	10.49	11.39	0.79	-	-	-	-	-	-	100.00	DKK	11.28
Rifox-Hans Richter GmbH Spezialarmaturen	2021-22	1-Apr-12	6.01	2.76	15.21	6.44	-	29.46	2.32	-	2.32	-	100.00	EUR	83.86
Thermax SDN.BHD	2021-22		0.90	0.79	4.92	3.23	-	5.70	0.32	0.10	0.23	-	100.00	Malaysian Ringgit	18.03
Thermax Engineering Singapore Pte. Ltd	2021-22		174.19	(52.17)	128.67	6.64	116.66	17.18	(20.14)	-	(20.14)	-	100.00	USD	75.79
PT Thermax International Indonesia	2021-22		143.87	(75.13)	122.25	53.51	-	62.37	(11.28)	-	(11.28)	-	100.00	Indonesian Rupiah	0.0053
Thermax Energy and Environment Philippines Corporation	2021-22		7.18	(2.22)	5.35	0.39	-	1.42	0.28	0.05	0.24	-	100.00	PHP	1.47
Thermax Nigeria Limited	2021-22		0.91	0.27	1.39	0.21	-	1.95	0.18	0.06	0.12	-	100.00	NGN	0.18
Thermax Energy and Environment Lanka (pvt) Limited	2021-22	8-Aug-17	4.02	0.47	4.53	0.04	-	0.63	0.18	0.05	0.13	-	100.00	LKR	0.26
Thermax Babcock & Wilcox Energy Solutions Ltd (formerly known as Thermax Babcock & Wilcox Energy Solutions Pvt Ltd)	2021-22		628.22	(18.76)	1,946.47	1,337.01	226.21	1,607.97	89.30	22.83	66.47	-	100.00	INR	
Thermax Cooling Solutions Limited (formerly known as Thermax SPX Energy Technologies Ltd)	2021-22		20.00	(13.47)	22.80	16.27	-	18.89	1.61	0.11	1.50	-	100.00	INR	
Thermax Engineering Construction FZE	2021-22		0.01	11.63	15.77	4.13	-	10.40	3.56	-	3.56	6.71	100.00	USD	75.79
Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	2021-22	4-May-17	0.90	3.25	69.04	64.88	-	54.21	(3.02)	(0.19)	(2.83)	-	100.00	PLN	18.07
Thermax (Thailand) Limited	2021-22		3.42	(0.05)	4.14	0.77	-	3.68	0.21	0.05	0.16	-	100.00	THB	2.28
Ener Next Pvt. Ltd	2021-22		23.63	30.00	30.00	30.00	30.00	-	0.16	0.04	0.12	-	100.00	INR	
Thermax International Tanzania Limited	2021-22		0.03	30.00	30.00	30.00	30.00	29.52	12.25	3.74	8.50	-	100.00	INR	

Notes :

- The reporting period of Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China) and Thermax Senegal S.A.R.L is 2020, A31 whereas the same for all other subsidiaries is 2020-21
- The annual accounts of the above Subsidiary Companies are open for inspection by any investor at the Company's Corporate Office and the Registered Office of the respective subsidiary companies.
- Thermax Hong Kong Ltd. has been closed on September 11, 2020. Hence, not included in the above statement
- Balance sheet figures of foreign subsidiaries are converted at an exchange rate prevailing on closing day of the financial year of the subsidiary for the purpose of this statement
- Statement of Profit and Loss figures of foreign subsidiaries are converted at an average exchange rate of the subsidiary for the purpose of this statement

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the companies Act 2013 related to Associate companies and joint ventures

(Rs. Crore)

Particulars	Exactspace Technologies Private Limited
1 Latest Audited Balance Sheet Date	31-Mar-22
2 Date of acquisition*	25-Jan-22
3 Shares of Associates held by the Company on the year end	
i) Number	1,249
ii) Amount of Investment in Joint Venture	6.50
iii) Extent of Holding %	10.41%
4 Description of how there is significant influence	The Company represents on the board of directors in exact, participats in policy-making processes.
5 Reason why the joint venture is not consolidated	The Company does not control over entity.
6 Net Worth attributable to shareholding as per latest Balance Sheet	0.88
7 Profit/Loss for the year#	
i) Considered in Consolidation	0.13
ii) Not considered in Consolidation	1.09

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
<p>A) Revenue recognition for engineering, procurement and construction contracts (refer Note 21(c) of the standalone financial statements)</p> <p>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.</p> <p>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.</p> <p>Revenue from such contracts amounted to Rs. 2,122.42 crores for the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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
<p>B) Impairment of investments in subsidiaries (refer in Note 5(a), 6(a) and 41 of the standalone financial statements)</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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.
<p>C) Impairment of trade receivables and contract assets (refer Note 7 and 9(b) of the standalone financial statements)</p> <p>Impairment of financial assets and contract assets is covered through Expected Credit Losses (ECL) method under Ind AS 109 and is expected 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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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 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.
 - (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;
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 Tridevial 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 overdue 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	-	FY 1997-98	Supreme Court
		144.05 [net of deposit Rs. 5.31]	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	-	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

- | | | | |
|---|--|---|---|
| <p>(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.</p> <p>(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.</p> <p>(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p>(xi) (a) No fraud/material fraud on the Company has been noticed or reported during the year.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xiv) (a) The Company has an internal audit system which is commensurate with the size and nature of its business.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on</p> | <p>clause (xvi)(b) of the Order is not applicable to the Company.</p> <p>(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.</p> <p>(d) The Group has one Core Investment Company as part of the Group.</p> <p>(xvii) The Company has not incurred cash losses in the current and preceding financial year.</p> <p>(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.</p> <p>(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</p> | <p>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.</p> <p>(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.</p> <p>(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.</p> |
|---|--|---|---|

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 Tridevjal 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 Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

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 Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

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					Total	Other reserves Effective portion of cash flow hedge reserve	Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium			
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 Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

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 Tridevial 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

Rajendran Arunachalam
Executive Vice President and Group Chief
Financial Officer

Place: Pune
Date: May 20, 2022

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Janhavi Khele
Company Secretary

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

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)

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

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)

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

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)

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

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)

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

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)

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

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)

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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for the year ended March 31, 2022

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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

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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:

- when the Company can no longer withdraw the offer of these benefits; and
- 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.

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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

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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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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.

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 (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

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)

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

for the year ended March 31, 2022

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

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)					
Parasrampuriah 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. Pheroze Pudemjee		
%	**	**
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 :

	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
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.

There 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	Ownership interest	
	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	Ownership interest	
	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%

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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)

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2022	March 31, 2021
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:

- Mrs. Meher Pudumjee - Chairperson
- Mrs. Anu Aga - Relative of Director / Chairperson
- Mr. Pheroze Pudumjee - Director
- Mr. Zahaan Pudumjee - Relative of Director / Chairperson
- Ms. Lea Pudumjee - Relative of Director / Chairperson

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)

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

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
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. Pheroze 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. Pheroze 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. Pheroze 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
Enernt 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

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

(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

for the year ended March 31, 2022

(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	-	-

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)

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.

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)

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 profits 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

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)

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

for the year ended March 31, 2022

(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

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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).
- The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.



THERMAX

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