THERMAX

37th Annual Report

2017-18 Thermax Limited

About the Cover

With clear thinking and marshalling of resources, we can break free of the restricting webs that tie us down, and regain progressive momentum.

The kinetic energy of innovative thoughts and purposeful actions can spur people and organisations to transformation and accomplishment.

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Our Vision

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

Corporate Information

Board of Directors

Meher Pudumjee
Chairperson

M.S. Unnikrishnan
Managing Director & CEO

Anu (Arnavaz) Aga

Dr. Raghunath A. Mashelkar

Dr. Valentin A.H. von Massow

Nawshir Mirza

Pheroz Pudumjee

Dr. Jairam Varadaraj

Harsh Mariwala

Ravi (S.B.) Pandit

Executive Council

Ravinder Advani

Sharad Gangal

Pravin Karve

B.C. Mahesh

Hemant Mohgaonkar

Amitabha Mukhopadhyay

Rajan Nair

Dr. R.R. Sonde

M.S. Unnikrishnan

Key Managerial Personnel

M.S. Unnikrishnan
Managing Director & CEO

Amitabha Mukhopadhyay
EVP and Group CFO

Kedar P. Phadke
Company Secretary & Compliance Officer

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,
Wakdewadi, Pune – 411 003.
Ph.: 020-66051200/25542122
Fax: 020-25541226

Website: www.thermaxglobal.com

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad – 500 032
Tel: +91 040-67161500/33211000
Fax: 040-23001153/23420814
Toll free: 1800 345 4001
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Bankers

Union Bank of India
Bank of Baroda
Canara Bank
Citibank NA
Corporation Bank
ICICI Bank Ltd.
State Bank of India
HSBC

Auditors

SRBC & CO. LLP Chartered Accountants
C-401, Panchshil Tech Park, Yerwada,
Pune – 411 006.

Subsidiaries

Domestic

1. Thermax Sustainable Energy Solutions Ltd.
2. Thermax Engineering Construction Company Ltd.
3. Thermax Instrumentation Ltd.
4. Thermax Onsite Energy Solutions Ltd.
5. First Energy Pvt. 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 (Zhejiang) Cooling & Heating Engineering Co. Ltd., China
9. Thermax Denmark ApS
10. Thermax do Brasil-Energia e Equipamentos Ltda, Brazil
11. Thermax Energy & Environment Lanka (Private) Limited, Sri Lanka
12. Thermax Energy & Environment Philippines Corporation
13. Thermax Engineering Singapore Pte Ltd.
14. Thermax Europe Limited, UK
15. Thermax Inc., USA
16. Thermax International Ltd., Mauritius
17. Thermax Netherlands B.V.
18. Thermax Nigeria Limited
19. Thermax SDN. BHD., Malaysia
20. Thermax Senegal S.A.R.L

Joint Ventures (Domestic)

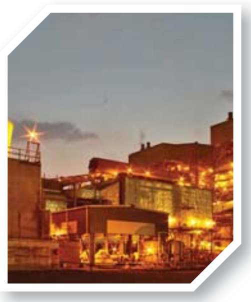
1. Thermax SPX Energy Technologies Ltd.
2. Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.

Thermax Portfolio

Cooling

Heating

Water



Power

Chemicals

Utilities

Raw Material

Desired Products

Waste

Wastewater Treatment

Waste-to-Energy Generation

Air Pollution Control

Hazardous Waste Treatment

Our Core Businesses

ENERGY SEGMENT

Heating
- Boilers & fired heaters
  - Solid fuels, agro waste biomass fired boilers upto 1000 TPH
  - Oil & gas fired boilers upto 500 TPH
  - Waste-to-energy boilers upto 100 TPH
  - Waste heat recovery boilers upto 500 TPH
  - Fired heater upto 100 MMkcal/hr absorbed heat duty
- Steam boilers
- Thermal oil heaters & vapourisers
- Hot water generators
- Hot air generators
- High pressure boilers
- Heat recovery systems
- Energy plants
- Packaged & modular units

Cooling
Absorption cooling
- Vapour absorption chillers
- Heat pumps
- Hybrid chillers
- Chiller-heaters
- Solar chillers

Process cooling
- Wet cooling solutions
  - Evaporative condensers
  - Closed cooling towers
  - Adiabatic cooling towers
- Dry cooling solutions
  - Dry coolers
  - Radiators
  - Air cooled condensers

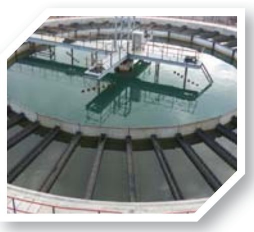
Power generation
- Turnkey power plants of single unit upto 300 MW
- Complete BOP for power plants upto 1200 MW
- Turnkey solutions for gas fired power plants
- Waste heat recovery based power in cement, iron and steel industries
- Integrated sustainable solutions for green power

Renewable energy
- Solar thermal hybrid systems for cooling and heating
- Solar concentrators
- Solar photovoltaic systems
- Solar thermal systems

ENVIRONMENT SEGMENT

Air pollution control
- Electrostatic precipitators
- Bagfilters
- Particulate scrubbers
- Gaseous scrubbers
- Combofilters
- Thermax modular gas coolers

Water and wastewater treatment
- Water treatment solutions
- Wastewater treatment solutions (sewage/effluent/recycle)
- Waste incineration



CHEMICAL SEGMENT
- Ion exchange resins
- Specialty resins
- Water & fuel treatment chemicals
- Oil field chemicals
- Construction chemicals

Reliable Support for Industries


Automobile


Cement


Edible Oil


Distilleries


EPC Majors and Consultants


Food


Chemicals & Fertilisers


Paper & Pulp


Hotels & Commercial Complexes


Oil & Gas


Refineries & Petrochemicals


Paint


Sugar


Pharmaceuticals


Rubber


Textiles


Space Heating


Steel


Tank Farm Heating


Power Generation

Board of Directors

(Left to Right) Dr. Raghunath A. Mashelkar, Nawshir Mirza, Harsh Mariwala, Ravi Pandit, Dr. Jairam Varadaraj, Dr. Valentin A.H. von Massow, Pheroz Pudumjee and Anu Aga.
(Centre) Meher Pudumjee and M.S. Unnikrishnan.

Thermax Limited – Financials at a Glance

Rs. crore

PARTICULARS	2017-18	2016-17	2015-16#	2015-16^	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Domestic Sales (excluding excise duty)	2522	2501	2828	2841	3452	3067	3581	3977	3598	2432	2299
Export (Including Deemed Export)	1262	1176	1446	1446	1092	1101	984	1143	1066	656	912
% to Total Sales	*33%*	*32%*	*34%*	*34%*	*24%*	*26%*	*22%*	*22%*	*23%*	*21%*	*28%*
Total Sales	3784	3677	4274	4287	4544	4168	4565	5120	4664	3088	3211
Growth	*3%*	*(14%)*	*(6%)*	*(6%)*	*9%*	*(9%)*	*(11%)*	*10%*	*51%*	*(4%)*	*2%*
Operating Income	84	87	65	65	59	61	59	60	64	97	53
Revenue from Operation	3868	3764	4339	4352	4603	4231	4624	5180	4728	3185	3264
Other Income	104	103	114	110	117	64	73	70	83	50	39
Total Income	3972	3866	4453	4462	4720	4295	4697	5250	4811	3235	3303
Total Expenses	3497	3389	3964	3963	4139	3821	4116	4595	4193	2801	2850
Profit before Depreciation, Interest, Extraordinary Items and Tax	475	477	489	499	581	474	581	655	618	434	453
% to Total Income	*12%*	*12%*	*11%*	*11%*	*12%*	*11%*	*12%*	*12%*	*13%*	*13%*	*14%*
Depreciation	64	65	61	61	64	58	55	47	43	40	32
Interest	8	4	5	1	20	9	10	7	2	2	3
Extraordinary Items of Expenses	0	0	0	0	0	0	0	0	0	115	(1)
Exceptional Items of Expenses	25	133	0	0	0	0	0	0	0	0	0
Profit before Tax	378	275	423	437	497	407	516	601	573	277	419
% to Total Income	*10%*	*7%*	*9%*	*10%*	*11%*	*9%*	*11%*	*11%*	*12%*	*9%*	*13%*
Tax	140	130	126	131	161	154	166	194	191	136	132
Profit after Tax	238	145	297	306	336	253	350	407	382	141	287
Other comprehensive income (Net of tax)	*4*	*9*	*(2)*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Total comprehensive income (Net of tax)	242	154	295	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Gross Block	1259	1090	1059	1061	1039	1008	873	805	717	688	603
Net Block	671	684	643	645	648	664	645	574	516	505	458
Investments	1796	1404	1378	1506	1257	1096	804	553	404	378	176
Current Assets	3571	2860	3134	3312	3566	3496	2886	2990	2778	1664	1287
Current Liabilities	2739	2117	2283	2406	2693	2689	2229	2410	2366	2044	1270
Net Current Assets	832	743	851	906	873	807	657	580	412	(380)	17
Capital Employed	2566	2410	2343	2488	2268	2026	1869	1601	1293	1051	962
Equity Share Capital	24	24	24	24	24	24	24	24	24	24	24
Reserves and Surplus	2542	2386	2318	2463	2243	2001	1845	1577	1269	1027	938
Networth	2566	2410	2342	2487	2267	2025	1869	1601	1293	1051	962
Loan Funds	0	0	1	1	1	1	0	0	0	0	0
Fixed Asset Turnover Ratio	*5.64*	*5.38*	*6.65*	*6.65*	*7.01*	*6.28*	*7.07*	*8.93*	*9.03*	*6.12*	*7.02*
Current Ratio	*1.30*	*1.35*	*1.37*	*1.38*	*1.32*	*1.30*	*1.29*	*1.24*	*1.17*	*0.81*	*1.01*
Return on Capital Employed	*15%*	*12%*	*18%*	*18%*	*23%*	*21%*	*28%*	*38%*	*44%*	*37%*	*44%*
Return on Net Worth	*9%*	*6%*	*13%*	*12%*	*15%*	*12%*	*19%*	*25%*	*30%*	*13%*	*30%*
Cash Earnings per Share (Rs.)	*25.38*	*17.65*	*30.08*	*30.75*	*33.57*	*26.08*	*33.97*	*38.09*	*35.73*	*24.90*	*26.81*
Earnings per Share	*19.99*	*12.15*	*24.97*	*25.64*	*28.19*	*21.23*	*29.37*	*34.15*	*32.09*	*21.51*	*24.11*
Dividend	*300%*	*300%*	*300%*	*300%*	*350%*	*300%*	*350%*	*350%*	*450%*	*250%*	*250%*
Book Value per Share (Rs.)	*215*	*202*	*197*	*209*	*190*	*170*	*157*	*134*	*108*	*88*	*81*

Figures have been reclassified as per Indian Accounting Standards (IND AS) as prescribed by Ministry of Corporate Affairs
^ Figures as per old accounting standards
Note : The net current assets figures for FY 2008-09 and 2009-10 are based on Schedule VI classification and hence are not strictly comparable.

Thermax Group – Financials at a Glance

Rs. crore

PARTICULARS	2017-18	2016-17	2015-16#	2015-16^	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Domestic Sales (excluding excise duty)	2668	2813	3210	3220	3618	3199	3898	4333	3873	2556	2445
International Sales/Business	1703	1573	1859	2205	1624	1758	1468	1574	1250	720	959
% to Total Sales	*39%*	*36%*	*37%*	*41%*	*31%*	*35%*	*27%*	*27%*	*24%*	*22%*	*28%*
Total Sales	4371	4386	5069	5425	5242	4957	5366	5907	5123	3276	3404
Growth	*0%*	*(13%)*	*(3%)*	*3%*	*6%*	*(8%)*	*(9%)*	*15%*	*56%*	*(4%)*	*(1%)*
Other Operating Income	94	97	76	76	62	72	59	60	90	94	56
Revenue from Operation	4465	4483	5145	5501	5304	5028	5425	5967	5213	3370	3460
Other Income	116	114	122	135	123	72	85	84	58	52	41
Total Income	4581	4597	5267	5636	5427	5100	5510	6051	5271	3422	3501
Total Expenses	4064	4049	4716	5054	4843	4592	4935	5377	4640	2975	3038
Profit before Depreciation, Interest, Extraordinary Items and Tax	517	548	551	582	584	508	575	674	631	447	463
% to Total Income	*11%*	*12%*	*10%*	*10%*	*11%*	*10%*	*10%*	*11%*	*12%*	*13%*	*13%*
Depreciation	82	82	72	130	134	92	77	66	54	44	35
Interest	13	10	12	63	82	27	17	12	4	2	4
Extraordinary Items of Expenses	0	0	0	0	0	0	0	0	0	115	-1
Exceptional Items of Expenses	0	18	0	0	49	0	0	0	0	0	0
Profit before Tax	422	438	467	389	319	389	481	596	573	286	425
% to Total Income	*9%*	*10%*	*9%*	*7%*	*6%*	*8%*	*9%*	*10%*	*11%*	*8%*	*12%*
Tax	166	156	144	146	171	169	177	204	196	142	136
Profit after Tax before Non-controlling interest and share in loss of associate and joint venture	256	282	323	243	148	220	304	392	377	144	289
Share in joint venture /associates loss	(25)	(66)	(41)	NA	NA	NA	NA	NA	NA	NA	NA
Minority Interest	NA	NA	NA	32	(62)	(26)	(16)	(12)	(5)	(0)	0
Profit after Tax after Minority and share in an associate's loss	231	216	282	275	210	246	320	404	382	144	289
Other comprehensive income	27	(19)	22	NA	NA	NA	NA	NA	NA	NA	NA
Total comprehensive income attributable to:	258	197	304	NA	NA	NA	NA	NA	NA	NA	NA
Equity holders of the parent	259	204	304	NA	NA	NA	NA	NA	NA	NA	NA
Non-controlling interest	(1)	(7)	-	NA	NA	NA	NA	NA	NA	NA	NA
Gross Block	1741	1515	1438	2162	2051	2044	1296	1193	1068	742	661
Net Block	973	952	887	1479	1474	1580	1390	1091	821	548	509
Investments	1472	1083	1050	979	822	708	443	240	230	370	143
Current Assets	4102	3297	3610	4208	4185	4125	3287	3406	3065	1832	1402
Current Liabilities	3079	2365	2615	3641	3274	2999	2509	2758	2563	2239	1372
Net Current Assets	1023	932	995	567	911	1126	778	648	502	(407)	30
Capital Employed	2768	2585	2450	2488	2719	2695	2362	1829	1452	1095	995
Equity Share Capital	23	23	23	24	24	24	24	24	24	24	24
Reserves and Surplus	2692	2515	2393	2331	2123	2014	1845	1605	1291	1054	967
Networth	2715	2538	2416	2355	2147	2038	1869	1629	1315	1078	991
Minority Interest	-	1	-	100	78	140	110	112	52	9	0
Loan Funds (long term)	53	46	34	34	494	517	383	88	85	8	4
Fixed Asset Turnover Ratio	*4.49*	*4.61*	*5.71*	*3.67*	*3.56*	*3.14*	*3.86*	*5.42*	*6.24*	*5.98*	*6.69*
Working Capital Turnover Ratio	*4.28*	*4.71*	*5.10*	*9.57*	*5.75*	*4.40*	*6.90*	*9.11*	*10.21*	*NA*	*113.89*
Current Ratio	*1.33*	*1.39*	*1.38*	*1.16*	*1.28*	*1.38*	*1.31*	*1.24*	*1.20*	*0.82*	*1.02*
Return on Capital Employed	*15%*	*15%*	*18%*	*18%*	*15%*	*15%*	*21%*	*33%*	*40%*	*37%*	*43%*
Return on Net Worth	*9%*	*9%*	*12%*	*12%*	*10%*	*12%*	*17%*	*25%*	*29%*	*13%*	*29%*
Cash Earnings per Share (Rs.)	*27.93*	*27.08*	*31.48*	*34.01*	*28.86*	*28.38*	*33.33*	*39.42*	*36.57*	*15.82*	*27.20*
Earnings per Share (Rs.)	*20.61*	*19.80*	*25.07*	*23.11*	*17.61*	*20.64*	*26.87*	*33.86*	*32.03*	*12.11*	*24.25*
Dividend	*300%*	*300%*	*300%*	*300%*	*350%*	*300%*	*350%*	*350%*	*450%*	*250%*	*250%*
Book Value per Share (Rs.)	*241*	*225*	*215*	*198*	*180*	*171*	*157*	*137*	*110*	*90*	*83*

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

^Figures as per old accounting standards

Note: The net current assets figures for FY 2008-09 and 2009-10 are based on Schedule VI classification and hence are not strictly comparable.

Highlights of the Year 2017-18

- Thermax Group posted a significantly higher order booking for FY 2017-18 at Rs. 6,380 crore, a 45.2% growth over the previous fiscal.

- Thermax won the highest ever export contract of $ 157 million from a leading African conglomerate for its refinery project coming up in Nigeria.

- Commercial production commenced from the chemical facility at Dahej, Gujarat on October 31, 2017. This plant manufactures ion exchange resins for the global market under the brand name Tulsion®.

- Thermax received the 'Excellence in Governance' Award at 'The Economic Times Family Business Awards' for best governance practices.

- Thermax inaugurated its new manufacturing facility in Indonesia on July 26, 2017, expanding its footprint in international markets, especially the ASEAN countries.

Thermax's largest boiler installation in Thailand.

- Thermax won a $ 43 million contract from a leading cement company in UAE for a turnkey captive power plant, the first EPC order that Thermax will be executing for a GCC (Gulf Co-operation Council) country.

- Thermax is coming up with a new manufacturing facility for its cooling offerings at Sri City, Andhra Pradesh.

- Through its step-down subsidiary in Denmark, Thermax acquired certain assets and production activities of Barite Investments Sp. z.o.o. in Poland, for advancing its business in Eastern Europe.

- Thermax concluded a Rs. 327 crore order from a public sector company based in Western India for its upcoming chemical plant. The project is for a BTG (Boiler-Turbine-Generator) package on EPC basis for its captive cogeneration power plant of 2 x 65 MW capacity.

- Thermax secured a Rs. 503 crore order from a leading public sector fertiliser company to set up three natural gas based EPC cogeneration plants (each of 20 MW capacity) at its facilities in Haryana and Punjab.

- Thermax commissioned a 5.76 MW rooftop solar PV captive power plant, the second largest plant in India for a public sector hydrocarbon company.

- Thermax celebrated its 10th Technology Day on May 11, 2018 in an extremely engaging and innovative way. The week-long celebration saw competitions to encourage out-of-the-box thinking, platforms to showcase the journey of the various businesses and recognising employees and divisions for their path-breaking work in innovation, including the coveted Dr. N.D. Joshi Award.

Chairperson's Message

Dear shareholder,

It is my privilege to present the 37th Annual Report of your company. During the financial year 2017-18, Thermax Group posted a total revenue of Rs. 4,602 crore as compared to Rs. 4,704 crore in the previous year.

Profit after tax and minority interest was Rs. 231 crore (Rs. 216 crore).

Though the year started with a lower order booking, business picked up substantially in FY 2017-18 against the backdrop of an anticipated global economic recovery, leading to investments in select sectors.

Revenue from the international business was higher by 13.2% at Rs. 1,794 crore as compared to Rs. 1,585 crore in the previous year.

Consolidated order booking for the year increased by 45.2% to Rs. 6,380 crore (Rs. 4,394 crore).

On behalf of the Board, let me thank our Managing Director & CEO, M.S. Unnikrishnan and his team, our employees for their commendable efforts, our supplier partners and most importantly, our customers for their continued support. Our Board members, as always, have been a source of continued guidance and strength. My sincere thanks and gratitude to all of them.

This year, effective August 8, 2018, Mrs. Anu Aga and Dr. Mashelkar will be retiring as directors on the Board. Dr. Mashelkar has been a tremendous asset to Thermax. He spearheaded the Innovation Council within the company and has been very helpful with regard to our Chemical division and the new Dahej plant. On behalf of the Board and the company, I would like to thank him for his illustrious contribution in steering the fortunes of our company.

It was my mother Anu Aga who took over as Chairperson of Thermax, when my father Rohinton Aga suddenly passed away in 1996. By the year 2000, she had to make many uncomfortable, tough decisions, and mainly thanks to them and the commitment of our people, the company turned around. Even though she retires, she will always be available to all of us. With her grounded wisdom and free spirit, she will continue to be our guiding light, especially with regard to governance, HR practices and social responsibility. On behalf of the Board and all our employees as well as other stakeholders, our heartfelt thanks to Anu.

We wish them both good health and happiness.

Coming back to the business situation, on the domestic front, private spending and investment in infrastructure continued to be sluggish in 2017-2018, except for a few select sectors. The economy was further impacted by temporary disruptions post GST implementation and the Indian banking system remains beleaguered with non-performing assets (NPAs) on account of wilful defaults and governance failures.

However, after an almost decade-long slump, we are beginning to witness a turnaround. Though it positions us for a promising year ahead, the future should be seen with cautious optimism – with the recent rising cost of crude oil, increase in interest rates and the run up to the 2019 general elections in India. Moreover, despite the global economic recovery, we need to be cautious as rising protectionism across the world poses a threat to exports.

As mentioned earlier, we have been witnessing some investments in cement, metals, chemicals and refineries.

Consumption-led sectors like food, textile and dairy continue to give us consistent business. The need for reliable power coupled with energy-efficient technologies is generating a renewed interest in captive cogeneration. Capex investments from refineries to gear up for the Bharat VI norms have been providing new opportunities for your company.

In recent years, especially after the COP-21 Paris agreement for climate change, we have experienced a radical shift in the global outlook towards energy and environment norms. As the prospects for thermal power have diminished globally, posing challenges for the manufacture of supercritical boilers, Thermax is entering into a definitive agreement to acquire the stake of Babcock & Wilcox in our Joint Venture, Thermax Babcock and Wilcox Energy Solutions Pvt. Ltd. (TBWES). Although there is a limited visibility for supercritical boilers, this will provide Thermax access to the modern manufacturing facility of TBWES and also to a few B&W technologies. We will be in a position to share further details once the agreement is firmed up.

Responding to the fervour in the area of solar power, Thermax has been a discerning player in the rooftop sector and, in the coming year, will selectively participate in prospecting for EPC projects. Last year, we installed India's second largest rooftop solar PV captive power plant for a public sector hydrocarbon company.

Your company's strategy of expanding its operations in select overseas markets paid good dividends during the year. Thermax bagged its highest ever export order from a major industry conglomerate in Africa and the project execution is progressing. The US market proved to be beneficial for sale of chillers and chemicals. We made inroads in the Gulf Cooperative Council (GCC) region with our first EPC based captive power plant project for a cement company.

Your company is strengthening its product portfolio to mitigate the impact of the cyclical nature of project businesses. I am happy to share that our new manufacturing facility in Indonesia (mentioned in last year's report) is now fully operational and catering to the ASEAN region. Through our subsidiary in Denmark, we acquired certain assets of a company in Poland, providing us access to east European markets and the manufacturing muscle to back our business plans in that region, which will pick up over time. Our global facility for chemical resins at Dahej, Gujarat commenced commercial production in October 2017. Another state-of-the-art facility at Sri City, Andhra Pradesh will shortly begin production of vapour absorption chillers. Recognising the rising demand for more energy efficient and environment-friendly solutions, your company is diversifying its cooling portfolio beyond absorption cooling and entering the growing process cooling market with energy efficient products. We expect this new business to contribute to our growth prospects in the next 4-5 years.

Digitisation and IoT (Internet of Things) are being progressively introduced within the company, be it in our products, manufacturing facilities or processes, in order to make us faster, better and more efficient for our customers.

On the CSR front, Thermax Foundation continues its investment in time and resources predominantly in the field of school education for the economically underprivileged, in partnership with three NGOs and the Pune Municipal Corporation. The outcome is heartening since the work is not just with students and teachers, but also with the community they come from, in order to make the impact more sustainable.

During the year, we revisited and discontinued two of our internally run projects – Leadership Institute for Teachers (LIFT) and Aakar Pune Project. We realised that these initiatives were not creating the desired social impact and hence it would be prudent to invest our time and resources through NGOs, both in our current projects in Pune and also around our manufacturing facilities in Gujarat.

In conclusion, on behalf of the Board, let me thank all our employees, customers, supplier partners, our shareholders and well-wishers for their support and faith in Thermax.

With best wishes,
Meher Pudumjee

Letter from the Managing Director

Dear shareholder,

It was a challenging task navigating your company through another year filled with more uncertainties in both domestic and global markets. Continuing the trend in recent years of opening the fiscal with optimism, however, conditioning the company to the harsh market realities, Thermax has clocked a satisfactory year on account of elevated order booking but not so encouraging revenues and almost flat profits.

Unlike the previous year, there was an improvement in order conclusions selectively in the domestic market. Cement industry finalised multiple waste heat based captive power plants; the fertiliser industry proceeded with combined cycle cogeneration plants for energy enhancement and carbon footprint reduction, while petroleum refineries accelerated contracting for manufacturing line improvements to comply with Bharat VI fuel norms. Consumer-facing industries such as textiles, automobiles, food processing, dairies and beverages as well as their next tier suppliers from the chemical, tyre, light engineering and packaging sectors continued capacity enhancement, helping your company better its order book from the domestic market.

Initiatives in the international market by your company in the preceding years have started fructifying into recognisable order inflows from South East Asia, Middle East and Africa. Despite our country's brand limitations and the then prevailing currency disadvantage, our technical superiority and established execution capabilities resulted in the international share of order intake retaining a respectable level of 43 percent for the year.

We opened the year with the lowest carry forward orders of the recent past. Longer execution period for most of the orders booked during the year plus the requirement to transition the entire supply chain and internal operations to a fairly complicated Goods and Services Tax (GST) system had a telling effect on the revenue recognition of your company.

Despite accounting for impairment of the company's investments in JVs and subsidiaries, the not so encouraging results from some of its overseas subsidiaries and after enduring the impact of rising commodity prices, currency and oil price fluctuations, Thermax ended the year with marginally improved consolidated earnings per share (EPS) at Rs. 20.61, by enforcing strict cost control measures and adept project management.

Having improved the international business of the company, we will continue to reinforce our efforts in this direction to stabilise our revenues and profits progressively. Formation of edifices to manage in-country businesses, creation of a supply chain for non-manufactured components, recruitment, training and deployment of talent are some of the local initiatives towards achieving this goal. The localisation effort commenced in South East Asia for the product businesses of the company is gathering momentum with substantial improvement in enquiry generation that should translate into orders and justify our investment. As a next step, your company will also create new entities in these markets that will enable us to participate in the projects segment.

Geographical expansion of operations to sustain our international revenues has been furthered by the establishment of offices in Kenya, Turkey and Egypt. These offices will help the company in prospecting for new business, marketing, selling, ensuring the local component of business management and lifecycle support to customers.

The Danstoker Group with its new addition of a Polish facility should be able to contain its manufacturing cost, enabling an improvement in its profitability as well as ability to expand its footprint in the emerging east European capacity building movement, thus bringing stability to our European operations. Our Chinese subsidiary, TZL has incurred losses and considering the prevailing business environment in the country, Thermax has decided to discontinue from selling in China barring a few offerings such as heat exchangers and components. However, the facility shall continue its manufacturing operations and serve as an export hub for select countries. The losses may continue, though at a subdued level till we breakeven - purely based on export orders.

The Chemical business unit of the company has already drawn up its market share improvement plan for the US and European regions, supported by an enhanced manufacturing capacity from the newly commissioned Dahej unit in Gujarat. The focus is on value-added specialty resin applications in these markets where our technological capabilities are comparable to global majors. The second arm of this business comprising oil field, construction and performance chemicals have also started gaining traction in the international markets, which will support its profitable growth.

New product innovations in the heating, cooling and water businesses of the company in the recent past have undoubtedly supported in retention of existing customers, market share improvement and profits stability. Coordinated research and development work being carried out by your company with four of the IITs (Indian Institute of Technology) and some of the premier central research laboratories will culminate in commercial products and solutions in the energy and environment sector in the forthcoming years, further strengthening our market leadership.

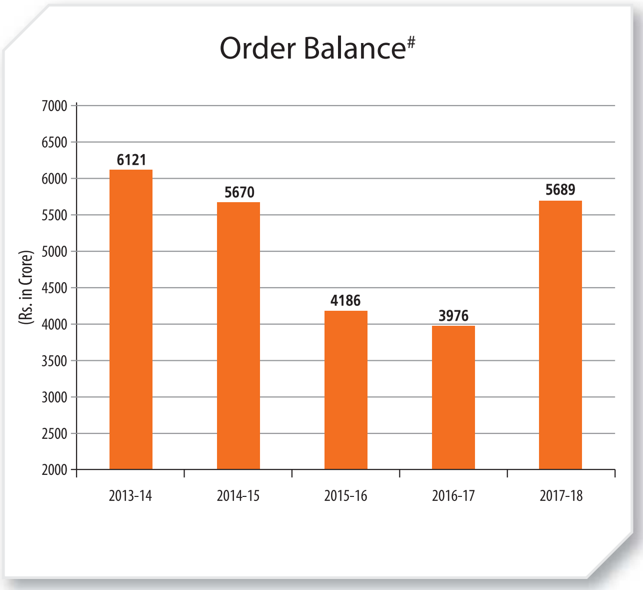
As a part of Industry 4.0 and the digital manufacturing move in the customer universe, we are piloting total automation of our heating, cooling and water solutions by deploying sensors, big data analysis and artificial intelligence to make them 'smart' going forward.

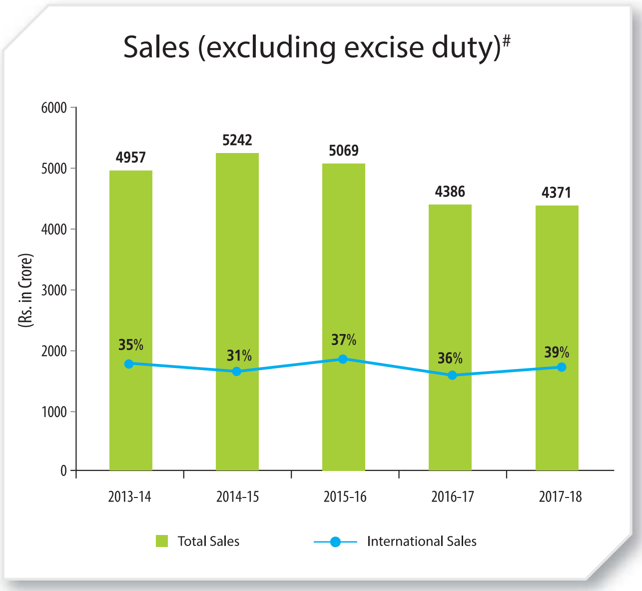
To sustain the journey of growth and innovation amidst a highly competitive global business environment, we are also focussing on building our team's competencies. The company has partnered with the Indian School of Business (ISB) for a three-module Management Development Programme, specially crafted to groom our future leaders. Attuning to the learning needs of the millennials who will man the organisation progressively, the company is creating self-learning modules both for functional and managerial competencies.

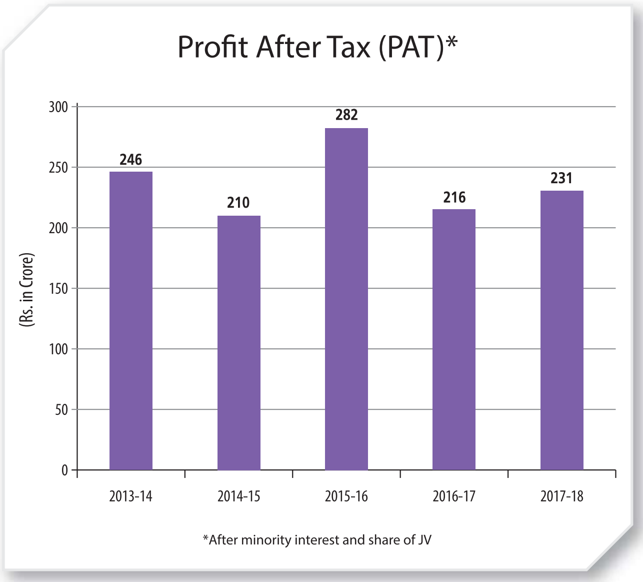
A significantly improved opening order book combined with substantial manufacturing and execution capabilities should enable your company to grow in the current year. Efforts in globalising our operations, innovation to differentiate our offerings and the creation of globally competent leaders will certainly ensure sustainable and profitable growth of your company in the medium to long-term.

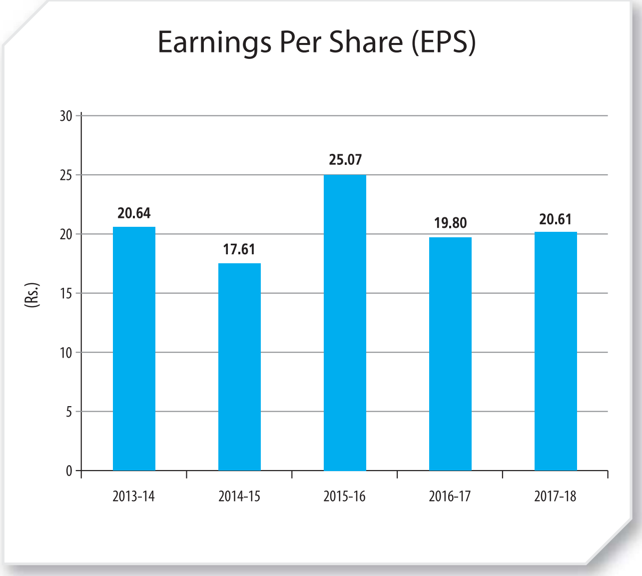
With best wishes,
M.S. Unnikrishnan

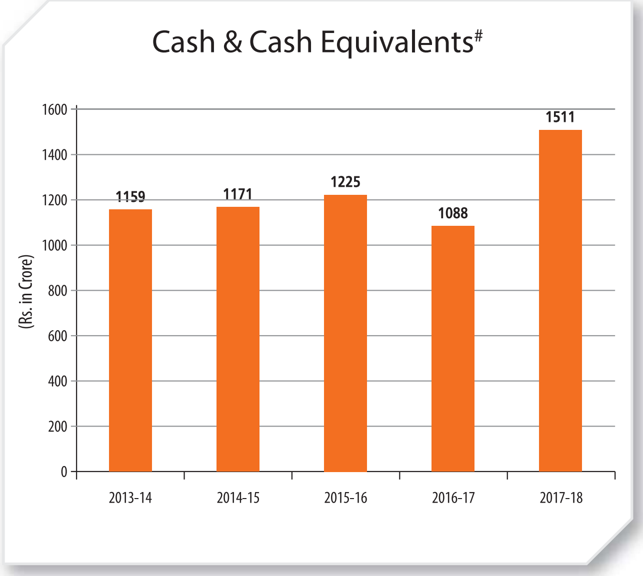
Key Financial Indices – Thermax Group











#The numbers upto 2014-15 are including Joint Ventures as per old accounting standards.

Directors' Report

Dear shareholder,

Your directors are pleased to present the Thirty-Seventh Annual Report, together with the audited financial statements of your company for the year ended March 31, 2018.

Financial Results

(Rupees in Crore)

Particulars	Standalone		Consolidated	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Total revenue	**3992.61**	3972.94	**4602.03**	4703.77
Profit before finance cost, depreciation and tax	**475.35**	476.44	**517.33**	547.04
Finance cost & depreciation	**72.24**	69.02	**95.29**	91.61
Profit before tax & exceptional items	**403.11**	407.42	**422.04**	455.43
Exceptional items	**(25)**	(132.84)	**0**	(17.84)
Profit before tax but after exceptional items	**378.11**	274.58	**422.04**	437.59
Provision for taxation (incl. deferred tax)	**139.86**	129.75	**165.75**	155.99
Profit after tax	**238.25**	144.83	**256.29**	281.60
Share of profit/(loss) on joint venture	**NA**	NA	**(25.19)**	(65.46)
Other comprehensive income	**3.59**	8.82	**27.03**	(19.15)
Total comprehensive income	**241.84**	153.65	**258.13**	196.99
Total equity	**2565.56**	2409.76	**2714.74**	2539.01
Earnings Per Share (EPS) (Rs.) Face Value Per Share Rs. 2/-	**19.99**	12.15	**20.61**	19.80

Annual Performance

Your company posted a total revenue of Rs. 3,993 crore for the financial year 2017-18, against last year's Rs. 3,973 crore. On a consolidated level, the group revenue was at Rs. 4,602 crore (Rs. 4,704 crore). The current year's revenue is exclusive of Goods and Service Tax (GST), while last year's revenue includes Excise Duty, and hence they are not comparable.

The Energy segment contributed 78% (79.2%) to the group's operating revenue while the Environment segment accounted for 14.1% (14%). The Chemical segment contributed 7.9% (6.8%) to the revenue.

On a standalone basis, revenue from exports, including deemed exports, was Rs. 1,262 crore against Rs. 1,176 crore in the previous year, an improvement of 7.3%. Group operating revenue from international business was Rs. 1,794 crore against Rs. 1,585 crore during the last year.

Profit before tax and exceptional items, on a standalone basis, was at Rs. 403 crore, 10.1% of the total revenue, compared to Rs. 407 crore, 10.2% of the total revenue in the previous year. The group's profit before tax and exceptional items at Rs. 422 crore was 9.2% of the total revenue, compared to Rs. 455 crore, at 9.7% in the previous year.

On a standalone basis, the exceptional item of expenditure Rs. 25 crore (Rs.133 crore), represents an impairment of investment in subsidiary companies Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (TZL) and Thermax SPX Energy Technologies Limited. Profit after tax and exceptional items stood at Rs. 238 crore compared to Rs. 145 crore in the previous year. Earnings per share (EPS) were at Rs. 19.99 (Rs. 12.15).

The year showed signs of a possible recovery in the global economy as well as an uptick in capacity utilisation in the domestic sector. The revenue was flat due to lower order carry forward and continued slowdown during the initial quarters. However, your company registered significant growth in order booking arising from business opportunities in refinery upgradation due to Bharat VI requirements, captive cogeneration plants in the fertiliser and chemical sector as well as significant orders in the Middle East, Africa and South East Asia.

Standalone order booking for the year was Rs. 5,696 crore against Rs. 3,831 crore last year, registering an increase of 49%. Your company completed the year with an order backlog of Rs. 5,302 crore as against Rs. 3,618 crore in the previous year. Consolidated order intake was Rs. 6,380 crore, 45% higher than last year's Rs. 4,394 crore.

Dividend

The directors have recommended a dividend of Rs. 6/- (300%) per equity share of the face value Rs. 2/-. The dividend, if approved by the shareholders, will translate in a payout of Rs. 86.18 crore, including dividend distribution tax of Rs. 14.69 crore.

Share Capital

The paid-up equity share capital of the company was Rs. 23.83 crore as on March 31, 2018. There was no public, rights, preferential or bonus issue during the year. The company has neither issued any shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

Subsidiaries

Annual accounts of the subsidiary companies and related detailed information are available to the shareholders of the parent company, subsidiary companies and to the statutory authorities. On request, these documents will be made available for inspection at the company's corporate office.

The company does not have any `material subsidiary' whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and it's subsidiaries in the immediately preceding accounting year.

The report on the performance of subsidiary companies is included in the Management Discussion and Analysis section of this report.

Pheroz Pudumjee, Director, Thermax and Sharad Gangal, EVP - Human Resources, Industrial Relations and Admin, received the 'Excellence in Governance' Award on behalf of Thermax at the Economic Times Family Business Awards.

Information on newly incorporated subsidiaries and acquisition during the year

Keeping pace with the strategy of selective internationalisation, the company has set up a step-down subsidiary company in Sri Lanka (through a Singapore based wholly owned subsidiary), named 'Thermax Energy & Environment Lanka (Private) Limited' which was incorporated on August 8, 2017.

The company, through its step-down subsidiary in Denmark, acquired 100% stake in Barite Investments Sp. z.o.o., Poland ('Barite'). With this, Danstoker Poland Sp. Zoo. (Danstoker Poland Spółka Z Ograniczona Odpowiedzialnością), erstwhile 'Barite', became a step-down subsidiary of the company.

During the year, the company has increased its equity stake from 54.67% to 76% in First Energy Private Limited (FEPL), Pune, an alternative energy solutions company. This is pursuant to an agreement entered into in July 2015, envisaging stage-wise acquisition of FEPL.

Management Discussion and Analysis

The Management Discussion and Analysis section, highlighting the performance and prospects of the company's energy, environment and chemical segments, including details of subsidiaries, information on company's health, safety and environment measures, human resources, risk management and internal controls, is attached as Annexure – 1 on page no. 26.

Corporate Governance Report

A detailed Corporate Governance Report regarding SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which also includes disclosures required as per Sections 134 and 177 of the Companies Act, 2013, is attached as Annexure – 3 on page no. 46.

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.

Secretarial Standards

The Institute of Company Secretaries of India had revised the Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on general meetings (SS-2) with effect from October 1, 2017. The company complies with the revised secretarial standards.

Business Responsibility Report

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 – 4 on page no. 62.

Vigil Mechanism/Whistle Blower Policy

The company has a vigil mechanism named 'Whistle Blower 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

Employee Strength

The total number of permanent employees on the rolls of the company as on March 31, 2018 were 3,664 compared to 3,488 employees in the previous year.

Wage Agreements

During the year, an amicable wage settlement was signed with Chemical Mazdoor Panchayat (representing workmen at Savli works). This long-term settlement is of five years duration. Similarly, a long pending wage agreement was also signed with Bhartiya Kamgar Karmachari Mahasangh and Hind Kamgar Sanghatana (representing workmen at Paudh works).

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the company, 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 it. Any shareholder interested in obtaining such particulars may write to the Secretarial Department at the corporate office of the company. The information is also available for inspection at the corporate office during working hours up to the date of the Annual General Meeting.

Details of Trusts for the benefit of employees

a) ESOP and Welfare Trust

The company had set up a Thermax Employee Stock Option Plan (ESOP) Trust in the year 2002 which holds 29,06,250 equity shares of Rs. 2/- each of Thermax. The Trust has been rechristened as Thermax Employees ESOP and Welfare Trust (ESOP and Welfare Trust).

The Trust has not made any buying or selling transactions in the secondary market.

The company, at present, does not have any ESOP scheme under this trust.

b) Employee Welfare Trusts

The company has various Employee Welfare Trusts primarily for providing medical and educational aid to its employees and their families. 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.

The relevant disclosures as required under the SEBI (Share-based Employee Benefits) Regulations, 2014 on Employee Welfare Trusts will be made available on the company's website: www.thermaxglobal.com

Thermax commissioned a 97 MW energy plant for a leading plywood manufacturer in Andhra Pradesh. The largest energy plant commissioned by Thermax so far, it offers multiple heating media such as steam, thermal oil and hot gas with a thermal efficiency over 94%.

Disclosure: Anti-Sexual Harassment Policy

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

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18:

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

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 annexed as Annexure – 5 on page no. 78.

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 largely in accordance with Schedule VII of the Companies Act, 2013. Since 2007, the CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR is provided as Annexure – 2 on page no. 40.

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 & CSR policy is provided as Annexure – 6 on page no. 80.

Directors

All independent directors of the company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and the Listing Regulations.

The company has formulated a policy on 'Familiarisation programme for independent directors' which is available on the company's website: www.thermaxglobal.com

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Pheroz Pudumjee retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment as a director.

Meetings

A calendar of meetings is prepared and circulated in advance to the directors.

During the year, five Board meetings were convened and held, the details of which are given in the Corporate Governance Report.

Remuneration Policy

The Remuneration Policy in brief for selection, appointment and remuneration of directors and senior management is given in the Corporate Governance Report.

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.

Directors' Responsibility Statement

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

a. In the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed;

b. Appropriate accounting policies have been selected, applied consistently, judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31, 2018 and of the profit of the company for the year ended on that date;

c. 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;

d. The annual financial statements have been prepared on a going concern basis;

e. Proper internal financial controls were in place and the financial controls were adequate and operating effectively; and

f. Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Change in Key Managerial Personnel (KMP)

Kedar Phadke was appointed as Company Secretary and KMP effective August 8, 2017. He was also designated as the Compliance Officer of the company in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in place of Sudhir Lale.

Related Party Transactions

All related party transactions entered into during the financial year were at an 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 for approval. Prior omnibus approval of the Audit Committee/Board is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all related party transactions are placed before the Audit Committee for their approval on a quarterly basis. The company has developed a Related Party Transactions Manual and Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is available on the company's website: www.thermaxglobal.com

None of the directors have 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, 2018 have been prepared as per Schedule III to the Companies Act, 2013. 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 2017-18 is attached to the balance sheet. A separate statement containing the salient features of subsidiaries/associate companies and joint ventures in the prescribed form (AOC-1) is also attached.

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the regulators/courts which would impact the going concern status of the company.

Public Deposits

The company had no unpaid/unclaimed deposit(s) as on March 31, 2018. The company has not accepted any fixed deposits during the year.

Particulars of Loans, Guarantees or Investments

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.

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.

Committees of the Board

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

Auditors

Statutory Auditors

M/s. SRBC & Co. LLP, Chartered Accountants, was appointed as the Statutory Auditors for a period of five years commencing from the 34^{th} AGM until the conclusion of the 39^{th} AGM.

Thermax's Danish subsidiary Boilerworks installed a flue gas cooler at an energy plant of Sweden's leading producer of renewable energy. The system cools down flue gases in the waste incineration plants that is further used to produce steam, or for energy conservation purposes.

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 Annual General Meeting.

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.

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 2018-19.

Secretarial Audit

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 2018-19. The Secretarial Audit Report for FY 2017-18 is annexed as Annexure-7 on page no. 83.

The observations of the secretarial auditors in their report are self-explanatory and therefore, the directors do not have any further comments to offer on the same.

Extract of Annual Return

The details forming part of the extract of the annual return in Form No. MGT-9 is annexed herewith as Annexure – 8 on page no. 86.

Awards and Recognition

Your company has received the following awards during the year:

- Thermax received the 'Excellence in Governance' Award at 'The Economic Times Family Business Awards' held in Mumbai for best practices in corporate governance.
- Anu Aga was honoured at the 'Times Pune Visionaries' felicitation on April 13, 2018. At this Times Group event that celebrated the work of stalwarts from different walks of life, Anu was felicitated for her exemplary contribution to national life.
- At the World HRD Congress, Sharad Gangal, EVP, HR, IR and Admin of Thermax received the 'HR Excellence in Manufacturing' Award. The event recognises leading organisations and HR practitioners creating impactful human capital strategies.
- Jagdish Lomte, Chief Information Officer of Thermax, won the CIO 100 Award at the 12th Annual CIO 100 Symposium & Awards Ceremony for a project designed and built by Thermax's Business Technology Group – for an Enterprise Management Solution to bring the IT environment under a unified management platform.
- Thermax won the 'Innovative Energy Saving Product' Award for its One Degree Absorption Chiller at the 18th CII National Award for Excellence in Energy Management in Hyderabad.

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, government authorities and joint venture partners. They also place on record their appreciation for the dedication and value added contributions 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 18, 2018

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Management Discussion and Analysis

Economic Outlook and Prospects

Your company's performance is significantly influenced by macro factors such as capacity building in core sectors, infrastructure building as well as consumption growth in durable and consumer segments. The cyclicality in these areas coupled with implementation of environmental norms and capacity utilisation defines the health of the capital goods industry.

During the year 2017-2018, the global economy showed signs of a possible recovery after almost a decade of slump. This was reflected in revival of investment in a few of the sectors, especially in the developing world. Manufacturing activities and trade have also shown an upward trend, though minor in nature. There have been signs of favourable global financing conditions, generally accommodative policies, positive business sentiments and firming commodity prices. Global GDP growth has picked up from 3.2% in 2016 to almost 3.8% in 2017.

The growth in advanced economies was 2.3%, while that of emerging markets and developing economies was more pronounced at 4.8 % in 2017. The recovery was significantly stronger than expected in the Euro area and, to a lesser degree, in the USA. Abenomics helped Japan recuperate from a prolonged decline in growth, while the oil-dependent economies heaved a sigh of relief with the firming up of prices. Growth in China continues to be moderate. However, the country has emerged as a centre of global energy demand with significant investment in renewables. South East Asia also witnessed improved economic stability showing signs of revival in growth.

In order to leverage the selective global growth and to reduce dependency on a single geo-polity, your company further expanded its manufacturing footprint into eastern Europe through Danstoker Poland and established a manufacturing facility in Indonesia. These strategic initiatives will help your company to participate actively in the capacity building process in eastern Europe as well as ASEAN countries.

On the domestic front, India's economic growth is estimated to have decelerated to 6.6 % in the last fiscal, lower than the previous year's 7.9%, impacted partially by the process of demonitisation and by the initial challenges on account of GST implementation. However, in the long term, both these initiatives will propel Indian economic growth which is targeted at 7.3% this fiscal and further to 7.6% in the next financial year. Ongoing successful implementation of the Insolvency and Bankruptcy Code (IBC), though painful in the interim, will help clean up the banking balance sheets of India and pave the way for economic stability in the long-term.

The macro indicators were steadily improving with Current Account deficit coming down from 4.2% in FY 12 to 1.9% in FY 18 (as % of GDP) while the fiscal deficit reduced from 5.7% to 3.5% during the same period. However, rising oil prices, depreciating Indian currency, inability to enhance exports and rising inflation could dampen the positive momentum for India.

The investment needed in infrastructure over the next five years is estimated to be around a trillion USD. While generating financial resources to fund these will be a major challenge for the country, success on this front can accelerate the economic growth trajectory and benefit your company.

The capacity utilisation in various sectors is showing signs of improvement signalling selective investment revival, mainly in the consumption-led industries. Though capital goods companies have registered a healthy order intake during the year, the market is viewing this recovery with cautious optimism.

In order to abate the alarming rise in air pollution created by the automobile sector, the Union Ministry of Petroleum and Natural Gas has advanced the introduction of Bharat Stage VI fuel norms by two years. Oil refineries are hastening their upgradation programme with a capital outlay of over Rs. 90,000 crore envisaged to meet the new norms by 2020.

With the government making emission norms stringent, your company can look forward to increasing opportunities coming its way.

The Indian power sector is undergoing a paradigm shift to meet the growing electricity demand. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country, where the total installed capacity of power stations in India stood at 344 Gigawatt (GW) as on March 31, 2018. For ensuring reliability of power supply and reduced dependence on the grid, industries such as fertilisers and food processing are investing in captive cogeneration plants. These plants designed with cleaner fuels like gas and biomass will not only reduce the carbon footprint but also offer higher plant efficiencies. By bagging significant orders, your company has been a major beneficiary from the developments in the captive cogeneration sector.

India added 11.79 GW of power generation capacity from renewable sources between January – November 2017. With India's commitment to implement the Paris agreement on climate change that entails a 35% reduction in carbon intensity by 2030, the company expects an accelerated growth for the renewable energy segment in India. With initial success in the rooftop segment and its leadership position in biomass as an energy source, your company is expected to benefit from the country's programme to support climate change mitigation.

Overall, against the backdrop of an anticipated global economic recovery, augmented by improved investments in the domestic industrial sector, your company is poised for a positive year ahead.

Thermax Operational Performance

In FY 2017-2018, Thermax Group posted a revenue of Rs. 4,602 crore as compared to Rs. 4,704 crore in the previous year. At the standalone level, the total revenue was Rs. 3,993 crore for the financial year 2017-18, against last year's Rs. 3,973 crore. The current year revenue is

Thermax received a performance award from a public sector fertiliser major for commissioning a 50 MW gas based cogeneration plant at their facility in Maharashtra. The scope of supply includes two gas turbines (25 MW each) and 2 x 100 TPH heat recovery steam generators, besides civil work.

Thermax commissions the sixth Electrostatic Precipitator for Asia's leading sugar and bio-energy producer in Thailand. The ESP handles a gas volume of 4,89,000 m^3/ day.

exclusive of Goods and Service Tax (GST), while last year's revenue includes Excise Duty, and hence they are not comparable.

On a standalone basis, revenue from exports have gone up by 7.3% to Rs. 1,262 crore (Rs. 1,176 crore) and the group international business was higher by 13.2% at Rs. 1,794 crore (Rs. 1,585 crore). This was due to a large refinery order in Africa and opportunities in the Middle East and South East Asia.

Consolidated order booking for FY 2017-18 went up by 45.2% to Rs. 6,380 crore (Rs. 4,394 crore) with standalone order booking at Rs. 5,696 crore, an increase of 48.7% over the previous year (Rs. 3,831 crore). Order booking from international markets at Rs. 2,748 crore accounted for over 43.1% of the consolidated figure as compared to Rs. 2,087 crore last year (47.5%).

Over the years, your company's key strategy has been to insulate its business from cyclicality of the India capital goods sector and projects business. Through selective internationalisation of the product businesses and strategic expansion of its product manufacturing footprint, the company has progressed well in this direction. With the acquisition in Poland and the new manufacturing facility in Indonesia, Thermax is poised to capitalise on the growth in the East European and ASEAN markets respectively. The businesses have diversified their sales network to foray into new countries, the latest addition being a sales office in Istanbul, Turkey. The projects businesses have improved their prospects by collaborating with OEMs and EPCs and by exporting to markets on a case to case basis.

Business Segments of the Company

Energy Segment

The energy segment contributed 78% (79.2%) of the group's operating revenues in FY 2017-18. The segment comprises the following businesses: 1) Heating 2) Cooling 3) Boilers for power generation 4) Power EPC 5) Solar 6) Service arms for the businesses including Power O&M services.

The heating segment supplies boilers and solar thermal for an extensive range of applications. The Cooling business provides industrial and commercial cooling making use of vapour absorption chillers as well as offerings for process cooling. The Power business offers turnkey power plants including solar photovoltaic and solar thermal solutions.

This segment's performance was muted, lower than the previous year.

Environment Segment

The environment segment, accounting for 14.1% (14%) of the group's operating revenues, consists of air pollution control and water and waste solutions.

The air pollution control business caters to a wide range of industries – cement, steel and ferrous metals, petrochemicals, fertilisers, etc. The business offers products and solutions for both particulate and gaseous emissions. The water and wastewater solutions business support industry and commercial establishments to treat water for their process requirements and clean sewage and effluent.

This segment's performance remained flat during the year.

Chemical Segment

The Chemical segment accounts for 7.9% (6.8%) of the group's operating revenues. It comprises the following business segments – boiler and water chemicals, resins, performance chemicals, construction chemicals and oil field chemicals.

Besides the domestic market, this segment has customers in several international markets such as Middle East, Japan, Europe and USA.

This segment is supported by manufacturing facilities in Paudh (Maharashtra), Jhagadia and Dahej (Gujarat).

The three segments – Energy, Environment and Chemical – span a wide range of products and services, which can be grouped into three categories:

1) Products, both standard and custom-designed. Larger units are generally custom-designed and built.

2) Projects and EPC contracts, especially for the larger non-standard products.

3) Life-cycle and O&M services to operate plants and other services that the company provides to customers.

Operating Structure

The risks, economics and business organisation are different for each segment. Most of the product and service businesses are with the parent company. Subsidiaries abroad are predominantly sales/ service oriented, trading in products made in India or in the group's international factories. The group has 14 manufacturing facilities across the world, eight in India, two in Denmark, and one each in Indonesia, Poland, China and Germany, making different products to meet the requirements of diverse markets.

The EPC business includes designing, engineering and integrating other machines in order to deliver a composite plant to a customer. For example, Thermax supplies complete power plants that integrate boilers, chillers and various utilities such as water & waste treatment and air pollution control equipment made by it, along with turbines, generators and the rest of balance-of-plant procured from other manufacturers.

The construction portion of some of the EPC businesses are held by the domestic subsidiaries.

The service business also includes revamping and retrofitting of existing plants to improve efficiencies and operating life of plant and equipment. Moreover, businesses like chemicals predominantly impact the revenue side of the balance sheets of customers.

Energy Segment Analysis

For FY 2017-18, the Energy segment posted an operating revenue (net) at the group level of Rs. 3,497 crore (Rs. 3,625 crore). The segment profits were at Rs. 283 crore (Rs. 323 crore). While the drop in revenues contributed

Thermax introduces Shellmax Global series boilers for international markets. User-friendly with PLC based control panel, entirely skid mounted, Shellmax is a compact plug-and-play unit and comes with a unique patented heat recovery unit (HRU), Effimiser that delivers additional 1% efficiency on oil and 2% on gas.

Thermax achieves a significant milestone in the renewable energy sector by commissioning the second largest rooftop Solar PV power plant in India for a hydrocarbon major. The 5.76 MW plant will generate 79,30,000 units of electricity per annum for the customer's captive use.

to lower profits for the year, profitability of the energy segment was further impacted by lower margins of the cooling business and losses from the Chinese subsidiary. However, with an order booking for the current year at Rs. 5,309 crore (Rs. 3,426 crore), prospects for the Energy segment have improved.

Heating

The standard products of the Heating business – small packaged boiler and heater – saw a marginal improvement in revenue, while exports were lower than last year. In Europe, the business experienced a dip in sales during the year, owing to subdued oil prices that muted the demand for solid fuel.

The year also saw several new additions to the product portfolio. Shellmax series boilers were introduced for the global market. Thermax partnered with its technology affiliate, Lambion Energy Solutions GmbH to introduce the latest underfeed stoker technology (UFS) in its Enerbloc and Combloc boilers for Asian markets. The company also launched Powerpac boilers for process heating as well as cogeneration applications.

The outlook for FY 2018-19 is positive with opportunities in India in the textile, pharma, chemical, plywood and food processing sectors and focus on renewables in Europe. Integration with the service business will help in driving synergies in the aftermarket. Internal process enhancements including the implementation of product lifecycle management (PLM) model are expected to bring operational efficiencies.

The large boiler subset (B&H) registered flat growth in revenues due to a lower opening in orders booked. However, it witnessed a substantial improvement in order pipeline, offering a positive outlook for the coming year. The domestic business saw growth coming from expansion projects as well as refineries upgrading to meet Bharat VI fuel standards. Thermax commissioned a Boiler -Turbine-Generator (BTG) system for an integrated steel major in southern India. This waste gas fired boiler and turbine package will help the plant reduce its dependence on the power grid significantly. The international business looked promising mainly due to a multiple unit order from a refinery in Africa. The division increased its export capacity by expanding its assembly facility at Mundra port in Gujarat. Continued efforts by industries to go green using waste heat along with investments in refineries present an optimistic scenario for this business next year.

The Services business supporting the large boiler subset (B&H) saw a positive year with an uptick in both revenue and order intake. Growth drivers include increased capacity utilisation across select sectors, entry into reforming application in refineries gearing up for Bharat VI emission norms. Predictive maintenance and efficiency improvement programmes increased customer penetration, a breakthrough project with a power major for remaining life assessment of the steam lines being a good example. The business expanded its geographical presence by foraying into Europe and Australia. The year also saw the execution of a first-of-its-kind fuel shift project by successfully commissioning Syngas firing of boilers for a leading private sector refinery.

Cooling

Thermax's Cooling business witnessed a decline in revenues during the year due to lower international revenues as a result of project delays in Asia and Latin America. The sale of chillers in the Chinese market remained subdued during the year.

On the global front, the business bagged a repeat order for chillers from a petrochemical giant in Saudi Arabia. The Russian market presented excellent growth opportunities with several chillers sold mainly to the growing F&B sector. There was an inflow of orders from the textile sector in Bangladesh. With a new office in Istanbul Thermax expanded its footprint to Turkey. During the year, Thermax sharpened its global focus on the industrial segment, reaping dividends mainly in the Middle East and South East Asia. The business in the US came from a mix of commercial and industrial sectors while in Europe it was mostly from the cogeneration segment. Thermax promoted its unique low-temperature chiller applications at the Drinktec exhibition on beverages and liquid food industry at Munich.

In the Indian market, the newly introduced triple effect chillers in the chemical sector and ultra-low-pressure chillers in the F&B industry saw good traction, followed by orders from the petrochemical and fertiliser sector. Thermax won the 'Innovative Energy Saving Product' Award for its One Degree Absorption Chiller at the 18th CII

With global firms focusing on the twin objectives of using energy efficient products and protecting the environment, Thermax partnered with one of the world's top polyester suppliers in Taiwan. The cooling business of Thermax has supplied and commissioned a 800 TR chiller that air conditions its office and shop floor.

National Award for Excellence in Energy Management in Hyderabad. It unveiled the new high COP hot water driven absorption chiller along with process cooling solutions at a major HVAC expo in India. The Cooling business is on the verge of completing its state-of-the-art manufacturing plant at Sri City, Andhra Pradesh. The emerging Process Cooling portfolio of Thermax has been structured as a new Strategic Business Unit, effective April 1, 2018, to bring about better focus at a global level.

Cooling & Heating Services

Cooling & Heating Services registered its best performance with growth in both revenues and profitability. During the financial year, a new 22,000 sq. ft. manufacturing facility for steam engineering products was commissioned at Savli, Gujarat. The plant will manufacture steam accessories for the Rifox (Germany) brand in India. Starting next financial year, Cooling and Heating services will be merged with the respective products businesses in order to enhance customer service and synergy.

Power EPC Business

Revenue for Power division was marginally lower due to lower order carry forward at the start of the year. Order booking improved significantly during the financial year with the business receiving significant orders for captive cogeneration plants from public sector undertakings in the fertiliser and chemical sector. It also witnessed opportunities coming from waste heat recovery projects and international markets.

Thermax received its first EPC order in the Middle East from a leading cement company in the UAE. Thermax also received a repeat order from the Philippines for a power plant based on biomass.

For FY 2018-19, in the domestic market, this group expects new business on account of waste heat recovery projects and captive power projects from other core industries driven by revival in private capex. The business is continuing its efforts to pursue prospects for middle range captive power plants in international markets.

The Power O&M services witnessed the addition of customers in the domestic segment during the year. The business is focusing on growing its portfolio of value-added services to customers.

An increase in order booking in the recent months should help the power business register growth in the coming year.

Solar Business

The Solar business successfully commissioned India's second largest single-roof solar PV project on a turnkey basis. The project will help the customer reduce CO_2 emissions by 6500 tons/year.

The business continued to perform better with higher revenues and repeat orders from customers in the rooftop segment. Even though the module prices increased for the first time during the year, installations continued to gather pace with increasing preferences for Solar PV plants. Thermax will continue to focus on expanding its presence in this business.

Environment Segment Analysis

Operating revenues (net) for the Environment segment in FY 2017-18 is at Rs. 694 crore (Rs. 700 crore). The profit for the segment was Rs. 29 crore, lower as compared to Rs. 38 crore in the last financial year, mainly due to rise in commodity prices which impacted the margins of the air pollution control business that is largely dependent on steel.

Order booking for the Environment segment for FY 2017-18 was at Rs. 729 crore (Rs. 663 crore).

Air Pollution Control Business (Enviro)

The revenue for Air Pollution control was flat for 2017-2018, due to lower order backlogs from the previous year and margins were impacted by rising commodity prices. However, the order intake improved substantially during the year. The business bagged a major order of six ESPs from a customer in Indonesia. With industrial pollution norms being enforced with higher rigour, the business saw opportunities in several sectors such as cement, steel, palm oil and power. On the domestic front, COP 21 compliance requirements and India's initiative to go green has paved the way for the Indian Ministry of Environment & Forests (MOE&F) to introduce stringent new standards to regulate NOx, SO_2, particulate matter and mercury emissions from coal-fired power plants. However, with

Thermax commissioned a Membrane Bioreactor based wastewater treatment plant as well as Zero Liquid Discharge for a leading oil multinational in Bengaluru, India.

increasing competition from multiple players and complex bidding terms, the company has considered participating selectively in opportunities from the sector.

Water

The Water business that turned positive last year sustained its momentum in FY 2017-18 both in order booking and revenue. The strategy of focusing on the quality of orders regarding short gestation period has resulted in significant improvement in margins.

Majority of the business has been realised from the growing food processing sectors with many greenfield expansion projects coming its way.

With industry norms becoming more stringent regarding usage of recycled water and effluents discharged, Thermax received many opportunities in wastewater and ZLD plants, including a major order from a leading Oil MNC in Bangalore for a Membrane Bioreactor based waste water treatment plant as well as Zero Liquid Discharge.

In the global market, Thermax has commissioned projects through EPC contractors in the Middle East and South East Asia, the major one being a repeat order for a Demineralisation (DM) water treatment plant order from the Ministry of Electricity and Water (MEW), Kuwait.

There is an increased focus on the quality of sewage treatment plants and water treatment plants in the realty segment where the business sees a positive outlook for the coming year.

Chemical Segment Analysis

In FY 2017-18, the Chemical business segment posted an operating revenue of Rs. 361 crore (Rs. 332 crore). The profit for the segment was Rs. 54 crore as compared to Rs. 59 crore in the previous fiscal. The profitability of the Chemical segment was impacted due to expenses incurred in the stabilisation phase of the new resins facility at Dahej, Gujarat which was higher compared to the low production in its initial phase of operations. Order

The new global resins facility at Dahej, Gujarat manufactures ion exchange resins for industrial water treatment and for refining sugar and will be supplied under the global brand name of Tulsion®.

booking for the segment in FY 2017-18 stood at Rs. 342 crore (Rs. 305 crore).

The Chemical business registered a growth in revenues attributed mainly to the oil field chemicals product group. Construction chemicals business was buoyed by the growth in infrastructure where major repair and rehabilitation projects were executed. The Resin business achieved breakthrough in developing a proprietary specialty resin to improve the process efficiency in a large petrochemical complex.

The new Chemical facility at Dahej started production during the year and is expected to reach 70% to 80% of capacity utilisation by the end of the calendar year. This facility will serve as a global hub for supplying ion exchange resins to the US, Europe and the South East Asian market.

In FY 2019, the focus will be on expanding the business of ion exchange resins used for water softening, demineralisation, ground water remediation, catalysis, metal recovery and F&B applications.

Major business is expected to come from the US, followed by Europe, South East Asia and the Far East.

The growth in domestic infrastructure spend will present new opportunities for the construction chemicals business in the coming year.

Thermax's Capacity Expansion: Manufacturing Facilities

The group forayed its footprint into three manufacturing facilities, two international and one domestic, to meet the global demand for its products.

Thermax inaugurated its new manufacturing facility in Indonesia on July 26, 2017. With the new plant, the company will be able to better serve its customers in the ASEAN region.

Thermax Limited, through its step-down subsidiary in Denmark, acquired certain assets and production activities of Barite Investments Sp. z.o.o. in Poland. This provides the company additional manufacturing capacity for future expansion and for advancing its business in eastern Europe.

Commercial production from its newly constructed facility at Dahej, Gujarat commenced on October 31, 2017 and the new phase of expansion is underway.

The manufacturing facility of Thermax at Sri City, Andhra Pradesh is in its final stages of completion and expected to commence commercial production in the second quarter of FY 2018-19.

Opportunities

1) With nations including India endorsing the COP 21 compliance requirements and the thrust on going green, enforcement of stringent emission norms and focus on renewable energy is likely to offer opportunities for the businesses of the company.

2) With the smart cities project gaining momentum and growth in residential as well as commercial realty sectors, Thermax can expect business for solutions such as compact sewage treatment, water recycling systems, absorption chillers and construction chemicals.

3) Increase in capacity utilisation particularly in consumption-led sectors from private as well as public sector players will manifest in new opportunities for Thermax.

Concerns

1) The concern about rising protectionism across the world, affecting the cost of cross-border trade may prevent export-oriented companies from remaining competitive in the international markets.

2) The availability of bank credits for projects continues to be difficult which may limit companies from planning further expansion, thereby constraining the prospects for the company's EPC and projects businesses.

Risk Management

The company has a comprehensive Enterprise Risk Management (ERM) framework in place for identification, assessment, mitigation and reporting of risks. The Risk Management Council of the company carries out a detailed review of key risks facing the company, its impact on strategic decisions and mitigation measures. The review of these risks is done based on the important changes in external environment which have significant bearing on the risks. The company actively keeps track of changes in the domestic economic environment, geo political developments, key commodity prices such as oil and coal, currency and interest movement. Apart from mitigation, these risks are also monitored for any emerging business opportunities.

Apart from these risks, the individual business units assess operational risks such as execution challenges, working capital challenges, human resources challenges etc. and appropriate timely action is taken to mitigate the risks.

The Audit Committee of the Board oversees risk management strategies and practices.

Internal Control

The company has an internal control mechanism to ensure adequate safeguards and processes to handle large and varied businesses in global markets.

Internal controls of the company are reviewed by Internal Audit on a periodic basis. All significant and material observations emerging out of internal audit are regularly reported to the Audit Committee of the Board and necessary actions are taken.

Among the internal control mechanism and good governance, the employees are guided by the company's 'Code of Business Ethics and Conduct' as well as company's 'Whistle Blower' policy.

Senior management and the Audit Committee of the Board is periodically apprised on the internal processes of the company with respect to internal controls, statutory compliances and assurance.

Financial Performance

In FY 2017-18, your company registered a total revenue of Rs. 3,993 crore as compared to previous year's Rs. 3,973 crore. The Group revenue was Rs. 4,602 crore (Rs. 4,704 crore). Thermax was able to maintain profit before tax and exceptional items at Rs. 403 crore which is close to last year's Rs. 407 crore. The current year revenue is exclusive of Goods and Services Tax (GST), while last year's revenue includes Excise Duty, and hence they are not comparable.

After accounting for exceptional items of expense of Rs. 25 crore (Rs. 133 crore) and income tax expense of Rs. 140 crore(Rs. 130 crore), the profit after tax stood at Rs. 238 crore as compared to Rs. 145 crore last year. The exceptional item of expenses relate to the impairment of the company's investments in joint ventures and subsidiaries as follows:

1. Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. - Nil (2016-17 : Rs. 112 crore)
2. Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. - Rs. 20 crore (2016-17: Rs. 5 crore)
3. First Energy Pvt. Ltd. - Nil (2016-17: Rs. 16 crore)
4. Thermax SPX Energy Technologies Limited - Rs. 5 crore (2016-17: Nil)

The impairment, indicated above, has been done in view of the present market conditions and also based on the principle of prudence.

On a consolidated basis, profit before tax and exceptional items was Rs. 422 crore (Rs. 455 crore). The net profit after exceptional item, tax expense and share of loss of jointly controlled entities was Rs. 231 crore as compared to Rs. 216 crore last year.

The net cash flow from operations showed remarkable improvement at Rs. 507 crore (Rs. 346 crore) mainly due to better working capital management. At the consolidated level, the net cash flow from operating activities stood at Rs.546 crore (Rs. 335 crore).

The group's other assets include unbilled revenue of Rs. 539 crore (Rs. 579 crore).

Last year your company invested Rs. 55 crore in a new manufacturing facility for its Cooling business in Sri City (Andhra Pradesh) and a further Rs. 26.44 crore for its chemical manufacturing facility at Dahej (Gujarat).

Your company infused additional funds of Rs. 14 crore in Thermax Netherland for acquisition of Barite Investments Sp. z.o.o. in Poland, Rs. 6 crore in Thermax Singapore and Rs. 6 crore in First Energy Pvt. Limited.

Thermax's cash and bank balances and investments, other than investments in joint ventures and subsidiaries, stood at Rs. 1,360 crore in comparison to Rs. 918 crore in the previous year.

Performance of Subsidiaries:

Thermax Engineering Construction Company Limited (TECC)

This wholly owned subsidiary is the construction arm of the larger boiler & heater business of the company. The net revenue from operations for the year ended March 31, 2018 was Rs. 100.71 crore as compared to Rs. 236.41 crore during the previous year, down by 57.4% due to lower opening orders carry forward. The subsidiary is being restructured which will limit its business growth. Accordingly, the order pipeline of TECC has been lower and will post lower revenues in the coming year.

Thermax Instrumentation Limited (TIL)

TIL, a wholly owned subsidiary is engaged in construction and commissioning of captive power plants. The net revenue from operation for the year ended March 31, 2018 was Rs. 106.77 crore as compared to Rs. 122.41 crore during the previous year (12.8% lower). With higher carry forward orders, this subsidiary is expected to register growth in 2018-19.

Thermax Onsite Energy Solutions Limited (TOESL)

TOESL, a wholly owned subsidiary, is engaged in the build-own-operate business of providing sustainable solutions by supplying utilities such as steam and heat to its customers. The net revenue from operations for the year ended March 31, 2018, was Rs. 63.57 crore, as compared to Rs. 57.97 crore during the previous year (9.7% higher).

The company continues to focus on domestic and international markets. The recent trend in rising oil prices is driving a shift towards biomass which along with a growing preference for outsourcing prove to be enablers for the business.

Thermax Sustainable Energy Solutions Limited (TSES)

The prospects of this wholly owned subsidiary, engaged in the business of providing sustainable solutions to the

Thermax expands its global footprint with the first project in Argentina comprising the installation of a natural gas cum tail gas (CO) fired combustor to generate 38 MW hot flue gases by incinerating tail gas which is the input to a 35 TPH boiler at 25 kg/cm²(G) saturated.

industry through the Clean Development Mechanism, continues to be unfavourable. Due to the unavailability of Certified Emission Reductions (CERs) in the global market, the company did not witness any operations during the year.

Thermax Inc., USA

Thermax Inc., a step-down subsidiary in USA is the sales and service arm of the company and operates in two segments - energy (sales of absorption chillers) and chemicals (sale of ion exchange resins). The net revenue from operations for the year ended March 31, 2018 was $ 16.65 million (Rs. 107.31 crore) as compared to $ 15.5 million (Rs. 100.52 crore) during the previous year (7.4% higher in USD).

With both the Chemical and Cooling businesses of Thermax doing well along with signs of economic recovery in the US market, prospects for Thermax Inc. are encouraging.

Thermax Senegal S.A.R.L, Senegal

Thermax Senegal S.A.R.L, a step-down subsidiary of the company, is engaged in the business of plant management services. The net revenue from operations for the year ended March 31, 2018 was XOF 639.93 million (Rs. 6.73 crore) as compared to XOF 1,374 million

(Rs. 14.53 crore) during the previous year (53.4% lower in XOF). With the closure of the earlier order and no new orders registered so far, the subsidiary is unlikely to generate any revenue in the coming year.

Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited, China (TZL)

TZL, a wholly owned subsidiary of the company is engaged in the manufacture, sales and service of vapour absorption systems. The net revenue from operations for the year ended March 31, 2018 was RMB 52.52 million (Rs. 51.09 crore) as compared to RMB 63.66 million (Rs. 59.97 crore) during the previous year (17.5% lower in RMB). Performance of this subsidiary in FY 2018-19 is expected to be flat. The company has further recognised diminution in the value of investment in the subsidiary.

Thermax Europe Limited, UK

Thermax Europe, a wholly owned subsidiary, is engaged in the sales and service of vapour absorption chillers. This subsidiary had a profitable year despite a lower net revenue from operations at £ 6.81 million (Rs. 58.22 crore) as compared to £ 8.25 million (Rs. 67.15 crore) during the previous year (17.5% lower in £)

Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, Germany

Rifox, a wholly owned subsidiary, is engaged in the business of manufacturing a range of standard steam engineering products. The company turned around during the year, posting marginal profits and established a strong partnership with India to drive low-cost synergies.

The net revenue from operations for the year was EUR 3.36 million (Rs. 25.32 crore) as compared to EUR 2.98 million (Rs. 20.59 crore) during the previous year (12.8% higher in Euro).

Danstoker A/S, Denmark

Danstoker A/S, a step-down subsidiary is engaged in the business of design, production and sale of boilers and relevant equipment to the energy market, including rebuilding and servicing of boilers. The net revenue from operations for the year ended March 31, 2018 was DKK 135.63 million (Rs. 137.30 crore) as compared to DKK 185.41 million (Rs. 172.22 crore) during the previous year (26.8% lower in DKK). While economic growth in the Euro zone has improved enquiries for Danstoker, delayed decision making for investment by customers have impacted the performance of the subsidiary. Signs of improvement in the European economy, rising oil prices coupled with commitment to COP-21 Paris agreement could shift focus to biomass-based projects, presenting a positive outlook for Danstoker.

Boilerworks A/S, Denmark

Boilerworks A/S, a stepdown subsidiary of the company, is engaged in the business of design, production and supply of high pressure components to power plants, waste and biomass combustion plants, industrial and petrochemical plants.

The net revenue from operations of Boilerworks A/S, for the year ended March 31, 2018 was DKK 143.44 million (Rs. 145.2 crore) as compared to DKK 117.43 million (Rs. 109.08 crore) during the previous year (22.1% higher in DKK).

Outlook for Boilerworks continues to be positive.

Joint Ventures

Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES)

For FY 2017-18, TBWES registered revenues of Rs. 144 crore (Rs. 306 crore), executing orders received from B&W, the US partner of the JV.

In May 2018, Thermax entered into a preliminary understanding with Babcock & Wilcox India Holdings Inc. (B&W) to acquire the shareholding of the latter. The transaction will provide Thermax access to the manufacturing facility of TBWES and also to a wider range of B&W technologies. The parties are working towards a definitive agreement to conclude the transaction.

Thermax SPX Energy Technologies Limited (Thermax SPX)

Thermax SPX reported revenues of Rs. 14 crore for FY 2017- 18, compared to Rs. 28 crore in the previous year. The company is in the advanced stages of executing the orders.

Human Resources

In anticipation of the people competencies required to meet your company's promising outlook and footprint expansion globally, a programme for leadership development was instituted in collaboration with India's leading management institute ISB comprising modules for strategy, manufacturing, finance, internationalisation and people development. The international HR team was strengthened to further support Thermax's increasing global presence.

An organisation-wide programme for technical competency mapping was launched that led to identifying 247 roles mapped to 92 competencies and 222 technical skills, setting a base for career progression planning.

Several initiatives to strengthen employee culture and instil employee pride were undertaken – T Quiz on the theme of 'Know Thermax, Love Thermax' for the first time, successful second year of the Learning Fest and continued awareness on Code of Business Ethics and Conduct (COBEC).

Industrial Relations in FY 2017-18 proved to be a successful year with the conclusion of a five-year union agreement at the Savli plant that is being considered as a model agreement in Gujarat. A three-year contract with the Union at the Chemical factory at Paudh was also signed. The new facilities of Indonesia and Danstoker Poland completed their organisational structuring.

As a key step towards diversity and cultural shift on the shop floor, Thermax initiated a one-of-its-kind 'Urja' programme at its Savli and Sri City plant where women were trained on welding trade and inducted on the shop floor.

Health Safety and Environment

The safety performance of the company is reviewed every quarter by the Board and the managing director. Safety committees support the process at business and project site levels.

The construction subsidiary, TECC was recertified as per OHSAS18001:2007 by Bureau Veritas and Chinchwad; Savli and Mundra works were recertified for OHSAS 18001: 2007 and ISO 14001:2004 by DNV during the financial year. Surveillance audits for OHSAS18001:2007 were conducted by DNV for TOESL & Heating EPC and by Bureau Veritas for Paudh and Jhagadia (Chemical plants) as well as Power and WWS division. Total 1,509 internal audits and 43 external safety audits and inspections were carried out in FY 2017-18. Special safety audits for fire prevention were carried out at office locations and manufacturing plants in Pune. All manufacturing and project locations have developed emergency management plans. Training on fire prevention and control, mock drills on emergency evacuation have been conducted at plants and offices. Regular safety training covers employees at various levels, contractors, vendors and suppliers. To reinforce the importance of Safety, a mobile app on incident reporting and several e-learning modules were launched during the year.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

Report on Corporate Social Responsibility

Established in 2007, Thermax Foundation (TF) plans and implements the CSR agenda of the company in the domain of public education by making quality education available to children from underprivileged economic backgrounds. Guided by the belief that business cannot succeed in a society that fails, the Foundation works to help children from dispossessed communities use the power of education to break out of the vicious cycle of poverty and to create better lives for themselves.

The projects and activities undertaken last year included:

1. The School Project
2. Leadership Institute for Teachers (LIFT)
3. Support to other educational initiatives
4. Employee participation in CSR activities of the company

The School Project:

TF in association with its NGO partner, Akanksha Foundation and the Pune Municipal Corporation (PMC) runs five schools in the city – K.C. Thackeray Vidya Niketan English Medium School (KCTVN), Acharya Vinoba Bhave School (AVBS), Late Anantrao Pawar English Medium School, Matoshri English Medium School and Savitri Bai Phule English Medium School.

The objective of this public-private-partnership model is to improve the quality of education in the five municipal schools. Besides the five schools funded by TF, Akanksha is involved with 15 more such municipal school projects in Mumbai and Pune.

Since 2014-15, students from two of the five schools that TF supports have been appearing for the SSC examination. Their performance is as follows:

Students of the Late Anantrao Pawar English Medium School presenting at a 'Kids Education Revolution' event on how they created a green patch within their school to grow plants and vegetables.

Details	2014-15		2015-16		2016-17	
	KCTVN	AVBS	KCTVN	AVBS	KCTVN	AVBS
No. of students appeared	59	62	61	37	57	49
Pass percentage	100%	98%	100%	97%	100%	97%
Distinction & above (=>75%)	58%	19%	77%	30%	58%	11%

In 2017, three students from the schools got into prestigious institutions such as the Ashoka University, Delhi and the United World College, on scholarships.

During the year, students from the five schools designed projects under the aegis of Kids Education Revolution (KER), a novel movement spearheaded by an educational NGO collective, including Teach for India. It attempts to reimagine education using the power of student leadership. The students at the **Late Anantrao Pawar English Medium School** worked on a project to create a green patch within their school compound. They presented a project proposal to the school to utilise an unused patch of land in the school compound for growing plants – selecting suitable plants, working out cost estimates for saplings, seeds, manure, etc., defining responsibilities of student participants and planning how to sell the vegetables grown. Students from **Matoshri English Medium School** organised a school library as a KER project. They worked out the proper utilisation of physical space, choice of books and after classes, stayed back for an hour every day arranging books in a manner friendly for the student users.

A team of 7th & 8th graders from **K.C. Thackeray Vidya Niketan English Medium School** designed a working model using an ultra-sonic sensor to prevent wastage of water in overhead tanks. Based on the principle of hydro dynamics, the model, 'Aqua Eye' fetched the top prize in the 'First Lego League Robotics Competition' at district level and participated at the national level.

Acharya Vinoba Bhave Municipal School has only 8th, 9th and 10th standards as it caters to students from other English medium municipal schools that have classes upto only the 7th standard. As the students in this school don't get the benefit of being trained in their earlier years in the Akanksha managed schools, a Student Advisory Committee has been formed. The committee, guided by a counsellor, works to equip them with skills to deal with community related issues.

The schools also took up areas and themes for special attention. While Late Anantrao Pawar English Medium School focused on developing critical thinking skills among staff and students, Acharya Vinoba Bhave School worked to create learning opportunities for students through events, field trips and group activities. Matoshri School organised Math Magic to celebrate the fun element of the subject for students from grades 4 to 8 through activities like math's assembly, a dance performance to showcase different shapes, a skit and a trivia quiz based on math.

Savitri Bai Phule English Medium School, through a series of meetings with teachers, students and staff, tried to arrive at a shared definition of student voice and what it meant to them. In groups, they collaborated and discussed so as to encourage students express themselves.

The school received an 'A' grade from the Maharashtra government on the Shala Siddhi school accreditation system. The school was also recognised as a model school for School Management Committee development.

Teachers of a school run by Thermax Foundation explain to the parents about breast cancer. The teachers have been trained by an external agency and conduct their programme with relevant videos and photographs.

Children of Matoshri English Medium School, organised a library as a part of KER project through proper utilisation of physical space and choice of books.

Closure of two of Thermax Foundation's projects

A) Leadership Institute for Training (LIFT)

During the year, Thermax Foundation continued the work of upgrading the quality of teachers in the public schools of Pune through its Leadership Institute for Teachers (LIFT). Since its inception in 2013, till the end of financial year 2017, LIFT has trained around 300 teachers from the English medium municipal schools at Pune through its rigorous one-year teacher training programme. In August last year, LRTT (Limited Resource Teacher Training, London) and Thermax Foundation came together to train teachers from seven schools, covered by the LIFT programme. This training programme of three months helped 90 PMC teachers gain international certification.

Since the year LIFT began operations, several NGOs have been working with government schools in the area of training and capacity building. This has considerably lowered the possibilities for LIFT to create meaningful impact on a desired scale. There has also been resistance from teacher unions regarding extra hours spent on training, beyond school timings. With these constraints limiting and impacting its work, after completing the academic year, Thermax Foundation has formally wound up LIFT operations.

B) Aakar Project

Aakar was launched in 2016-17 to train a cadre of Integrated Child Development Services (ICDS) supervisors to implement the state mandated Aakar curriculum in the aaganwadis of Pune urban district. Though Thermax Foundation continued training of supervisors till April 2017, during unplanned Aanganwadi visits it was found that there were not enough children in age group of 3 to 6 years mandated for Aakar training. This is because parents prefer to enroll their children in government *balwadis* or private schools charging low fees to secure early admission for their children. Since, the main beneficiary of the programme was missing, the Foundation formally ended Aakar project partnership with ICDS.

Support to other educational initiatives

Teach for India (TFI)

Thermax Foundation continued with its support for Teach for India (TFI), the nationwide movement of outstanding

Thermax employees at the 'Runathon of Hope' held for the sixth consecutive year. 165 employees across grades and Thermax's Pune work centres participated in the event, organised by Rotary club to raise funds for social causes.

college graduates and young professionals who teach for two years in under-resourced schools.

In 2017-18, Thermax sponsored 45 fellows who worked in 20 schools, impacting 1,598 students. An assessment conducted by TFI to measure the qualitative impact of the fellowship on students showed improvement in reading fluency and an average growth in mastery of maths. The TFI fellows sponsored by Thermax were actively involved in training students with new skills imparted through platforms like Knowledge Education in Revolution and Model United Nations.

Pune City Connect

Thermax Foundation is also a part of a larger network of like-minded corporates, NGOs and Pune Municipal Corporation, Pune City Connect (PCC), that addresses the educational, livelihood and digital literacy needs of Pune city. Thermax Foundation supports PCC in its educational initiative to improve the quality of education imparted in Marathi and Urdu medium schools that impact the largest number of children in the city.

PCC's Sahayogi Dal team has implemented the level based student programme (Saksham) across all 220 Marathi and Urdu medium PMC schools. Thermax Foundation supported the efforts to organise three rounds of workshops for 1,200 teachers teaching in grades 3 to 8.

Employee Engagement in CSR

Thermax encourages its employees and their family members to contribute their time, talent and resources to social causes. Some of the activities and events they participated in during the year:

Paint a class: Forty-five Thermax employees accompanied by their family and friends enthusiastically participated in painting two classrooms in Ahilya Devi PMC School and a community centre at Pune.

Running for a cause: In the 'Runathon of Hope', organised by Rotary club for the sixth consecutive year, 165 employees across grades and Thermax office locations at Pune participated.

Thermax Foundation collaborated with Limited Resource Teacher Training (LRTT), a London based agency, to train the teachers of the seven schools covered by the Foundation's leadership institute (LIFT). The teachers received an international certification after their three-month training programme.

Akanksha Mentorship Program: A mentoring programme was initiated during the year for students who have completed 10th standard from Thermax-Akanksha sponsored schools. Seventeen Thermax employees and a few family members enrolled as mentors.

Diwali Gift: 101 employees responded to the appeal to opt for gift articles from the Akanksha Foundation in place of the Diwali gift which they receive from Thermax. Through this initiative the order value raised from Thermax to Akanksha Foundation was Rs. 85,250.

Joy of Giving: In the 'Joy of Giving' week, among the various activities scheduled for 'Make a wish come true', Thermax employees made online purchase of 79 brand new scholastic books including fiction and non -fiction books and items like school bag, stationary items as wished by the students. Thermax employees also sponsored 20 economically underprivileged students, contributing online for a TFI scheme of sponsoring quality education for one academic year.

Blood Donation: This year, for the annual blood donation camps organised to commemorate the death anniversary of Thermax's founder-chairman, Rohinton Aga, 735 employees across various locations donated blood.

Payroll Giving Programme: Launched in 2007 in partnership with Give India, to enable employees to contribute on a monthly basis towards a cause/charity of their choice, the programme has seen 2,068 Thermax employees donating. At present, 650 employees actively donate to NGOs, recommended after due diligence by Give India.

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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 – transparency, disclosure, supervision and internal controls, risk management, internal and external communication, high standards of safety, accounting fidelity, product and service quality. It also has in place comprehensive business review processes.

2. Board of Directors

The Board of your company comprises ten directors – three non-executive promoter directors, six independent directors and the Managing Director & CEO.

A. Composition of the Board

The table below gives the composition of the Board and inter alia the outside directorships held by each of the directors of the company during the financial year 2017-18.

Name of the Director	Pecuniary or business relationship with the company	Number of other Director-ships@	Committee position@		Number of shares held in the company
			Chairperson	Member	
NON-EXECUTIVE PROMOTER					
Anu Aga	None except**	-	-	-	# 29,06,250
Meher Pudumjee	None except**	-	-	1	-
Pheroz Pudumjee	None except**	-	1	2	6,000
INDEPENDENT					
Dr. Raghunath A. Mashelkar	None	2	-	1	-
Dr. Valentin A. H. von Massow	None	1	-	-	-
Dr. Jairam Varadaraj	None	9	1	5	-
Nawshir Mirza	None	6	5	6	-
Harsh Mariwala	None	7	-	1	-
Ravi Pandit	None	4	0	1	-
EXECUTIVE					
M. S. Unnikrishnan	N.A.	3	-	1	-

@ Excludes private, foreign & Section 8 companies and other committees including Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Strategic Business Development Committee, International Investment Committee.

Anu Aga is a joint Trustee of these shares held by the Thermax ESOP and Welfare Trust.

** During the year, the company has paid Rs. 15,00,000/- to Anu Aga and Rs. 11,92,800/- to Meher Pudumjee as rent for premises taken on lease. The company has given security deposit of Rs. 35,00,000/- to Anu Aga for the premises taken on lease. The company has also paid Rs. 11,92,800/- to Pheroz Pudumjee, being rent for premises taken on lease and maintained Rs. 18,00,000/- as security deposit.

B. Attendance and Remuneration of each Director during the financial year 2017-18

Name of the Director	Total attendance at Board meetings	Sitting fees*	Salary and perquisite	Commission†	Total remuneration
					Amount in Rs.
Meher Pudumjee	4	5,50,000	NA	35,00,000	40,50,000
Anu Aga	4	3,50,000	NA	14,00,000	17,50,000
Dr. Raghunath A. Mashelkar	4	2,50,000	NA	10,00,000	12,50,000
Dr. Valentin A. H. von Massow	4	6,50,000	NA	30,08,000*	36,58,000
Pheroz Pudumjee	4	7,00,000	NA	15,00,000	22,00,000
Dr. Jairam Varadaraj	4	5,50,000	NA	11,00,000	16,50,000
Nawshir Mirza	4	4,50.000	NA	30,00,000	34,50,000
Harsh Mariwala	4	3,00,000	NA	17,00,000	20,00,000
Ravi Pandit (effective 30.5.2017)	3	2,00,000	NA	7,00,000	9,00,000
M.S. Unnikrishnan	4	NA	3,46,50,094	1,10,00,000	4,56,50,094

NA = Not Applicable

* Sitting fees also include payments for Board appointed committee meetings.

† The commission proposed for the year ended March 31, 2018 will be paid, subject to deduction of tax, and as per the provisions of the Companies Act, 2013.

@ Euro 37,500 (Rate as on March 31, 2018 Rs. 80.21 per EURO)

The non-executive directors are entitled to reimbursement of expenses incurred in performance of the duties as directors. At the 36th Annual General Meeting of the company all directors were present except Harsh Mariwala.

C. Number of meetings of the Board held during the year and the dates of meetings

The Board met four times during the financial year 2017-18 on the following dates: May 30, 2017, August 8, 2017, November 8, 2017 and February 6, 2018. The maximum time gap between any two sequential meetings was not more than 120 days.

D. Disclosure of relationship between directors inter-se

Anu Aga, Meher Pudumjee and Pheroz Pudumjee are related to each other.

E. Familiarisation programme imparted to Independent Directors

The independent directors have been apprised about the company, their role, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc., as a part of the familiarisation programme.

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

- To apprise the directors about the business model, corporate strategy, nature of 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 company's vision, values, ethics and corporate governance practices.

The independent directors at the Board and committee meetings are provided with the business model, annual budgets, significant developments etc.

Independent directors interact with the company's senior management employees i.e. Business Unit (BU) and Strategic Business Unit (SBU) Heads and such interactions happen during Board and committee meetings and even during the Board retreat which usually takes place once a year.

The details of the familiarisation programme for independent directors are disclosed on the company's website: www.thermaxglobal.com

F. Independent Directors meeting

During the year under review, the independent directors met once on March 9, 2018 inter alia to review 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.

Dr. Jairam Varadaraj, Nawshir Mirza, Dr. R. A. Mashelkar, Dr. Valentin A. H. von Massow, Harsh Mariwala and Ravi Pandit were present at the meeting.

G. Board Evaluation

As a part of annual Board evaluation, a detailed Board/Committee questionnaires were circulated to all the directors. The chairperson of the Board and the chairman of the NRC reviewed Board performance evaluation covering performance of the Board and its committees. The chairperson of each committee shared the outcome of the evaluation process. The Board had a detailed deliberation on the same at its meeting held on May 18, 2018 and also discussed the performance of the Chairperson of the Board.

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 six committees as under:

Mandatory committees	Non-mandatory committees
Audit Committee	Strategic Business Development Committee
Nomination & Remuneration Committee	International Investment Committee
Stakeholders Relationship Committee	
Corporate Social Responsibility Committee	

A. Audit Committee

The Audit Committee presently comprises four members, all non-executive directors. The chairman of the committee, Nawshir Mirza, is a Fellow of The Institute of Chartered Accountants of India. Pheroz Pudumjee, Dr. Jairam Varadaraj and Ravi Pandit (w.e.f. May 30, 2017) are the other members of the committee. Dr. Valentin A. H. von Massow ceased to be a member of the committee effective August 07, 2017.

The committee met four times during the financial year 2017-18 on May 29, 2017, August 7, 2017, November 7, 2017 and February 5, 2018. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Nawshir Mirza	Independent	4
Pheroz Pudumjee	Non-executive Promoter	4
Dr. Jairam Varadaraj	Independent	3
Ravi Pandit	Independent	1
Dr. Valentin A. H. von Massow	Independent	2

The constitution of the committee meets with the requirements of section 177 of the Companies Act, 2013.

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 control system and compliance. The Chief Financial Officer, Chief Internal Auditor and the representatives of 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. 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.
- Structure the internal audit function and to approve 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.

Risk Management Council

The Board at its meeting held on May 25, 2016 dissolved the Risk Management Committee, constituted earlier. The Audit Committee however, will periodically review the risk identification and mitigation framework of the company.

The management has constituted a Risk Management Council which comprises the business segment and corporate function heads. The Council is chaired by the Chief Financial Officer. It meets once a quarter to assess the risks facing the businesses and the mitigation measures taken. In particular, it is responsible for identifying developments in the environment or in internal operating processes that could materially affect the profile of risks.

B. Nomination & Remuneration Committee

The committee presently comprises five members, all non-executive directors. Dr. Harsh Mariwala (Chairman), Jairam Varadaraj, Anu Aga, Dr. Valentin A. H. von Massow and Meher Pudumjee are the other members of the committee.

The committee met twice during the financial year 2017-18 on May 29, 2017, and February 5, 2018. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Harsh Mariwala	Independent	2
Dr. Jairam Varadaraj	Independent	1
Anu Aga	Non-executive Promoter	2
Dr. Valentin A. H. von Massow	Independent	2
Meher Pudumjee	Non-executive Promoter	2

The broad terms of reference of the committee are:

- Evaluate the performance including extension of contract 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 including extension of their employment, of senior management (one level below the EDs).
- 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 the NEDs and defining the system for linking remuneration of NEDs to evaluation.
- Review 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 annual compensation of the organisation, including benchmarking with other companies.
- Ensure periodic meeting 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 related to human resources, including diversity.

Details of remuneration

- **Non-Executive Directors**

In recognition of the contribution by the non-executive directors, especially in adherence to the corporate governance policies and practices, the Board had adopted guidelines to remunerate the directors by way of commission.

The Nomination & Remuneration Committee (NRC) 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 year 2017-18. The policy broadly consists of:

- Criteria for selection and appointment of directors and their remuneration
- Criteria for selection of Managing Director & CEO and remuneration
- Remuneration policy for the senior management
- 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 NRC may recommend payment of commission on 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 NRC 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 on the recommendation of NRC, the Board has approved payment of remuneration of directors.

- **Managing Director & CEO**

The company's Board at present comprises one Executive Director, M.S. Unnikrishnan, who was reappointed as Managing Director & CEO effective July 1, 2017 for a period of three years. The remuneration of the Managing Director is governed by the agreement dated August 1, 2017, between the company and Mr. Unnikrishnan, 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 components comprises performance bonus. The Nomination and Remuneration 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:

a. The relationship of remuneration and performance benchmarks is clear;

b. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the company and its goals;

c. Responsibility required to be shouldered by the Managing Director & CEO, the industry benchmarks and the current trends;

d. Performance of the company vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/KPIs.

C. Stakeholders Relationship Committee

The committee comprises three members, Pheroz Pudumjee (Chairman), Meher Pudumjee and M. S. Unnikrishnan.

The committee met seven times during the financial year 2017-18 on April 24, 2017, May 31, 2017, August 1, 2017, November 6, 2017, November 23, 2017, January 17, 2018 and February 8, 2018 where all members were present.

The committee reviews the performance of Karvy Computershare Private 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, and dividend etc.

Procedure of Share Transfer

The Board has empowered the Stakeholder Relationship Committee to, inter alia, approve share transfers to reduce the leadtime for processing transfer of shares lodged. The committee has delegated powers to the RTA to approve share transfer, transmission and transposition.

The broad terms of reference of the committee:

- 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 do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers
- A total of 20 complaints were received from shareholders/investors/statutory authorities and same were resolved during the financial year ended March 31, 2018

Summary of complaints during 2017-18

Nature	Opening balance	Received	Resolved	Closing Balance
Non-receipt of dividend	Nil	18	18	Nil
Letters from statutory authorities	Nil	2	2	Nil
Total	Nil	20	20	Nil

All complaints were resolved to the satisfaction of the shareholders and no complaint remained unattended/ pending for more than 30 days as on March 31, 2018. During the year 10 physical share transfers comprising 5,500 number of equity shares were processed.

In accordance with the provisions of Section 124 and 125 of 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 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 and also simultaneously advertised in 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, 63,609 shares of 152 shareholders of the company were transferred during the financial year 2017-18 to the Investor Education and Protection Fund.

Compliance Officer

Kedar Phadke, Company Secretary is the Compliance Officer (w.e.f. August 8, 2017) for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges.

D. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee comprises four members, Anu Aga (Chairperson), Meher Pudumjee, Dr. Raghunath Mashelkar and Nawshir Mirza.

The committee met once during the financial year 2017-18 on February 6, 2018 where all members were present.

The broad terms of reference of this committee, are:

- To formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the company as specified under Schedule VII of the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the CSR Policy of the company from time to time and;
- Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India.

E. Strategic Business Development Committee

The primary objective of Strategic Business Development Committee of the Board is to review and guide the strategic initiatives of the company.

The committee comprises five members, Dr. Valentin A. H. von Massow (Chairman), Meher Pudumjee, Pheroz Pudumjee, M.S. Unnikrishnan and Dr. Jairam Varadaraj.

The committee met three times during the financial year 2017-18 on May 28, 2017, November 7, 2017 and February 7, 2018 where all members were present.

The broad terms of reference of the Committee are:

- Review and recommend corporate strategy, including corporate brand and M&A.
- 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.
- Ensure review of the key strategic performance indicators and milestones established by the company.

F. International Investment Committee

The International Investment Committee comprises three members, Pheroz Pudumjee (Chairman), Dr. Valentin A. H. von Massow and M.S. Unnikrishnan.

The committee met two times during the financial year 2017-18 on August 7, 2017, and February 5, 2018 where all members were present.

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 & strategy implementation of new ventures/businesses.
- Approval of appointment of Board members.
- Formulation of strategy with respect to overseas initiatives (including setting up of a company/offices and for acquisition/takeover/amalgamation).
- Review annual performance of international operations.
- Annual review of the strategic business plan.

4. Annual General Meeting

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

Financial Year	Date	Venue	Time
2014-2015 34th AGM	July 28, 2015	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411 007.	11.30 a.m.
2015-2016 35th AGM	August 10, 2016		11.30 a.m.
2016-2017 36th AGM	August 8, 2017		4.00 p.m.

B. Postal Ballot

No resolution was passed during the last year that required approval through postal ballot. There is no proposal to pass any resolution through postal ballot at the ensuing AGM.

C. Special resolution(s) passed

The details of special resolutions passed during last three Annual General Meetings are as under:

Date of Annual General Meeting	Details of special resolution
July 28, 2015	Adoption of new set of Articles of Association pursuant to section 14 of the Companies Act, 2013.

5. Means of Communication

a) The company publishes the quarterly and half-yearly financial results in prominent English and regional language newspapers. The same are also displayed on its website.

b) The company's corporate website: www.thermaxglobal.com provides comprehensive information regarding the company's business portfolio, including social initiative comprising CSR activities. The quarterly and half-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.

c) Transcripts of teleconferences with analysts are available on the website of the company.

d) The official news releases of the company are displayed on its website.

6. Shareholder Information

A. 37th Annual General Meeting for the financial year 2017-18

Date and time	August 8, 2018 at 4.00 p.m.
Venue	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411 007.

B. Financial Calendar

The financial results for the financial year 2017-18 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2017	August 8, 2017	August 8, 2017
Quarter ended September 2017	November 8, 2017	November 8, 2017
Quarter ended December 2017	February 6, 2018	February 6, 2018
Year ended March 2018	May 18, 2018	May 18, 2018

For the year 2018-19 the indicative announcement dates are:

Results for the quarter ended June 2018	August 8, 2018
Results for the quarter ended September 2018	November 14, 2018
Results for the quarter ended December 2018	February 8, 2019
Results for the year ended March 2019	May 22, 2019

Record date for payment of dividend subject to approval of shareholders	July 28, 2018
Dividend payment date	August 13, 2018
Listing on stock exchanges	**Stock Code**
National Stock Exchange of India Ltd. (NSE)	Thermax EQ
BSE Ltd. (BSE)	Physical-411 Demat-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 2018-19 on the basis of number of beneficial accounts maintained by them, as on March 31, 2018.

C. Stock Data

(Amount in Rupees per share)

Month	MKT QUOTE-NSE		MKT QUOTE-BSE	
	High	Low	High	Low
April 2017	1069.50	960.95	1070.85	933.00
May 2017	1070.00	977.10	1069.0	975.15
June 2017	1000.00	919.75	998.95	920.10
July 2017	965.00	867.20	955.00	870.00
August 2017	935.00	852.05	932.00	857.80
September 2017	969.80	833.60	979.00	835.05
October 2017	1007.35	895.75	1017.00	892.05
November 2017	1147.70	938.50	1145.00	944.00
December 2017	1250.00	1072.00	1248.10	1065.50

(Amount in Rupees per share)

Month	MKT QUOTE-NSE		MKT QUOTE-BSE	
	High	Low	High	Low
January 2018	1360.00	1181.40	1375.00	1153.00
February 2018	1309.80	1124.70	1305.00	1128.60
March 2018	1239.00	1114.05	1247.00	1123.90

D. Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad–500 032
Telephone: +91 040 67161510/512
Fax: 040–23420814
E-mail ID for redressal of grievances of shareholders/ investors: einward.ris@karvy.com
Website: www.karvy.com

E. Share Transfer System

The company's shares are traded on the stock exchanges only in electronic mode. Shares received for transfer by the company or its Registrar and Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/are duly transferred and dispatched within a period of 15 days from the date of receipt.

F. Shareholding Pattern

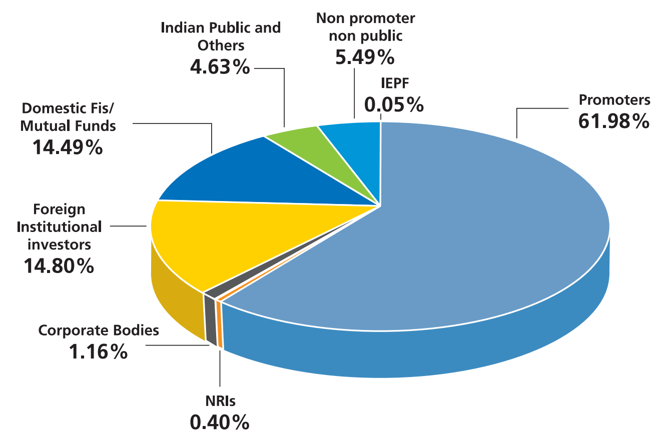
Distribution of Shareholding as on 31/03/2018					
Sr. no	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1-500	22785	93.64	2348913	1.97
2	501-1000	693	2.85	552070	0.46
3	1001-2000	338	1.39	505980	0.42
4	2001-3000	95	0.39	241042	0.20
5	3001- 4000	54	0.22	191549	0.16

Distribution of Shareholding as on 31/03/2018					
Sr. no	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
6	4001-5000	30	0.12	140030	0.12
7	5001-10000	84	0.35	604560	0.51
8	10001 and above	254	1.04	114572156	96.15
	Total:	24333	100.00	119156300	100.00

Category of equity shareholders as on March 31, 2018

Category		No. of shares held	% of shareholding
(A) Promoters holding			
1.	Individuals	6,000	0.00
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.	1,36,94,822	14.49
2	Foreign Institutional Investors	1,76,26,283	14.80
3	Corporate bodies	13,77,075	1.16
4	Non-resident individuals	4,78,935	0.40
5	Indian public & others	55,21,331	4.63
6	IEPF	61,109	0.05
(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**

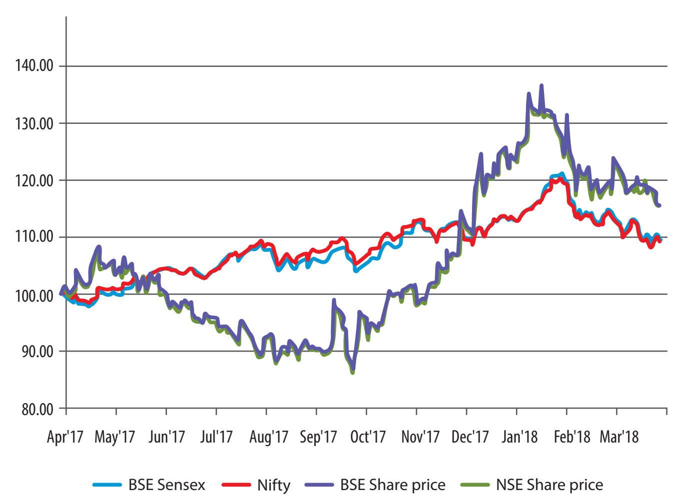
Shareholding pattern as on March 31, 2018



G. Details of Dematerialisation

The company's equity shares are under compulsory demat trading for all categories of investors. A total of 11,50,49,305 shares have been dematerialised as on March 31, 2018 representing 96.55% of the total equity capital.

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 2017-18 i.e. April 3, 2017.

H. 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.

I. Foreign exchange risk and hedging activities

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

J. Plant Locations

Pune

- D-13, MIDC Industrial Area, R. D. Aga Road, Chinchwad, Pune - 411 019, Maharashtra.
- 98-99, Bhosari MIDC Industrial Area, Bhosari, Pune - 411 026
- D-1 Block, MIDC Industrial Area, Chinchwad, Pune - 411 019, Maharashtra.

Solapur

Plot No T-1 MIDC, Chincholi, Taluka Mohol, Dist. Solapur - 413 255, 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 Dhrub, Taluka Mundra, Mundra - 370 421, Dist. Kutch, Gujarat.

Jhagadia

Plot No 903/1, GIDC, Jhagadia Industrial Estate, Jhagadia, Dist. Bharuch - 393 110, Gujarat.

Dahej

Plot No. Z/96/C, Dahej SEZ, Phase -II, Taluka Vagra Dist. Bharuch - 392 130, Gujarat

K. Address for correspondence

Investors should address their correspondence to the company's Registrar and Transfer Agent, Karvy Computershare Private Limited, whose address has been provided at (D) above.

Shareholders holding shares in dematerialised form should address their queries such as 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, Wakdewadi,
Pune - 411 003
Email: cservice@thermaxglobal.com

7. Other Disclosures

a) Related Party Transactions

Related party transactions during the year have been disclosed as 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 has been uploaded on the website of the company www.thermaxglobal.com

b) 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.

c) Whistle Blower Policy/Vigil Mechanism

The Board has adopted a Whistle Blower 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 whistle blower 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 Whistle Blower Policy is available on the website of the company. The confidentiality of such reporting is maintained and the whistle blower is protected from any discriminatory action.

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

e) The company has complied with the corporate governance requirements as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 in performance of her duties.

B. Separate post of Chairman and CEO

The Company has separate position of non-executive Chairperson and Managing Director & CEO.

C. Reporting of Internal Auditor

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

ANNEXURE -A

To the shareholders of Thermax Limited

Sub: Compliance with Code of Conduct

The company has adopted a Code of Conduct which deals with governance practices expected to be followed by Board members and senior management employees of the company.

I hereby declare that all the directors and senior management employees have affirmed compliance with the Code of Conduct adopted by the Board.

M.S. Unnikrishnan
Managing Director & CEO

Pune: May 18, 2018

ANNEXURE -B

To,
The Board of Directors,
Thermax Ltd, Pune.

Dear Sirs,

Certification by Chief Executive Officer and Chief Financial Officer

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, 2018 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 of 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 that the same have 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 Ltd.

M.S. Unnikrishnan
Managing Director & CEO

Amitabha Mukhopadhyay
EVP & Group CFO

Date: May 18, 2018
Place: Pune

Auditor's Certificate

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. The Corporate Governance Report prepared by Thermax Limited (hereinafter the 'Company'), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations')('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018 ('reporting period'). This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. 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.

3. 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, i.e. clause 17 to 27 and clause 46 (2) (b) (i) of the Listing Regulations.

Auditor's Responsibility

4. 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.

5. 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 Institute of Chartered Accountants of India.

6. 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.

7. 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 :

    i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Directors Register as on March 31,2018 and verified that at least one women director was on the Board during the year;

    iv. Obtained and read the minutes of the following committee meetings held during the reporting period.

        (a) Board of Directors meeting;
        (b) Audit committee;
        (c) Corporate Social Responsibility committee

(d) Nomination and remuneration committee;
(e) Stakeholders Relationship Committee;
(f) International investment committee
(g) Strategic Business Development Committee

v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

vi. 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

8. 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, 2018, referred to in paragraph 4 above.

Other matters and Restriction on Use

9. 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.

10. 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
Place of Signature: Pune

Date: May 18, 2018

Business Responsibility Report

Contents

Message from the Director's Desk

Dear stakeholders,

During the year, your company intensified its focus towards the vision of being a forerunner in energy and environment solutions, reflecting in customer solutions and internal processes.

Since inception, Thermax has been one of the key contributors to the nation's pollution abetment journey, right from formulation of industrial pollution norms to creating suitable technologies. Your company has played a pivotal role in commercially deploying alternative sources of energy such as different kinds of locally available biomass. Apart from this, we have also partnered with the Indian industry in waste heat recovery, cogeneration, low potency heat extraction and solar technologies.

Recognising India as water stressed, we have pioneered wastewater treatment and recycling technologies that have helped varied industries in becoming zero liquid discharge entities. More than 55,000 m^3/hr of wastewater is recycled by Thermax daily.

Continuing our efforts to collaborate with the industry in reducing the carbon intensity of manufacturing, your company has concluded the following initiatives :

- Gas based cogeneration concept for fertiliser industry thereby increasing the energy efficiency by almost 10%. The first such project is already in commercial operation and four of them are under execution.
- Hybridisation of solar thermal technology in an existing coal based thermal power plant that will enable carbon footprint reduction as well as renewable purchase obligation.
- Rooftop solar photovoltaic plant that demands superior engineering competencies.
- Extraction of energy that was otherwise unutilised in the potato chip manufacturing process and converting it into chilled water to air condition the manufacturing facility – a first-of-a-kind in the world.

Besides helping our customers conserve energy, the company has also made it a standard operating practice in all its existing and new manufacturing facilities in India for:

- Rainwater harvesting
- Rooftop solar PV installation
- Wastewater recycling
- Reduction in energy consumption

Efforts are afoot at each location to achieve the targeted reduction both in energy and water consumption that will befit the vision of the organisation.

As a socially responsible company, Thermax has taken major initiatives in the areas of diversity and community engagement. A programme for training women welders and inducting them at the plants in Savli and Sri City, has brought in a welcome cultural shift on the shop floor.

Various employee engagements and leadership development initiatives during the year have helped your company build a talent pool and improved levels of competencies, required to support the company's growth plans.

As we enter the new year, Thermax is exploring every new avenue to support our customers with solutions that will make them sustainable and socially responsible.

M.S. Unnikrishnan
Managing Director & CEO

Section A: General Information about the Company (Group)

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 411019
4	Website	www.thermaxglobal.com
5	E-mail id	cservice@thermaxglobal.com
6	Financial Year reported	FY 2017-18
7	Sector(s) that the company is engaged in (industrial activity code-wise)	1. Energy segment - 78% (boilers, heaters, absorption chillers/heat pumps, power plants, solar equipment, related services). 2. Environment segment - 14.1% (air pollution control equipment/systems, water & wastewater recycle plant, related services). 3. Chemical - 7.9% (boiler and water chemicals, ion exchange resins, performance chemicals, construction chemicals, oil field chemicals, related services).
8	List three key products /services that the company manufactures/ provides (as in balance sheet)	25131: Boilers and heaters, absorption chillers/heat pumps, power plants, solar equipment, related services 37003: Air pollution control equipment/systems, water and wastewater recycle plant, related services 20119: Ion exchange resins, performance chemicals, construction chemicals, oil field chemicals, related services
9	Total number of locations where the company undertakes business activity(s)	Thermax operates in 6 international and 10 national manufacturing locations.
	Number of international locations (provide details of major 5)	The company has manufacturing facilities in China, Germany, Denmark (two locations), Poland and Indonesia.
	Number of national locations	Number of national locations - Pune (3), Shirwal, Solapur, Savli, Paudh, Jhagadia, Mundra SEZ and Dahej.
10	Markets served by the company - local/state/national/international	National and international

Section B: Financial Details of the Company

1	Paid-up capital (INR)	Rs. 22.52 crore
2	Total turnover (INR)	Rs. 4,391 crore
3	Total profit after taxes (INR)	Rs. 231 crore
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit before tax pursuant to Section 198.	2% (Rs. 9.14 crore)
5	List of activities in which expenditure in 4 above has been incurred:	Thermax created a formal structure named 'Thermax Foundation' to formulate and implement its CSR programme. The company has been focusing predominantly in the area of education of economically underprivileged children. Apart from education, Thermax addresses the issue of social discrimination through affirmative action, skill development and employability initiatives. The primary areas in which the expenditure has been incurred include - 1. Funding of five municipal schools under PPP model 2. Leadership Institute for Teachers (LIFT) 3. Teach for India (TFI) programme 4. Educational programme of Akanksha Foundation 5. Pune City Connect

Section C: Other Details

1	Does the company have any subsidiary company/companies?	Yes. Thermax has 26 subsidiaries and associate companies in India and abroad as on March 31, 2018.
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. 4 domestic susidiaries, 2 joint ventures and 7 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 implementation of the BR policy/policies

1	DIN Number	01460245
2	Name	M.S. Unnikrishnan
3	Designation	Managing Director & CEO

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	07068529 (Thermax Foundation)
2	Name	Sharad Gangal
3	Designation	EVP - HR, IR, Administration
4	Telephone number	020-66051200
5	E-mail id	Sharad.Gangal@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 the nine principles?	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)	All the policies are compliant with respective principles of National Voluntary Guidelines. Many of them comply to international standards like ISO 9001, ISO 14001, OHSAS 18000 and International Labour Organisation (ILO).								
4	Has the policy being 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?	The Board has appointed a BR director to oversee policy implementation. Thermax has a well-established internal governance structure to ensure the implementation of various policies, internal regulations and procedures. The company has internally mapped all policies, internal regulations and procedures to business functions responsible for implementation.								
6	Indicate the link for the policy to be viewed online?	Copies will be made available on www.thermaxglobal.com								
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.								
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes.								

2. Governance related to BR

a	Indicate the frequency with which the Board of Directors, committee of the Board or CEO 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

Your company, Thermax Limited, is committed to adopting the best practices in corporate governance and disclosure. It is Thermax's constant endeavour to adhere to the highest standards of integrity and to safeguard the interests of all the stakeholders.

Your company's Board has empowered its key management officials to implement policies and guidelines related to the critical elements of corporate governance – transparency, disclosure, supervision and internal controls, risk management, internal and external communication, high standards of safety, accounting fidelity, product and service quality.

The company has a structured grievance redressal mechanism in place to capture and resolve the stakeholder complaints related to business responsibility.

(Detailed Corporate Governance report provided from pages 46 to 61 of this Annual Report)

Whistle Blower Policy/Vigil Mechanism

The Board has adopted a Whistle Blower 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.

(Details of assigned email ids for reporting complaints and access to the policy document on the company's website are given on page 57 & 58 of the Corporate Governance Report)

Shareholder Complaints Redressal Mechanism

There is a structured mechanism to capture and resolve complaints from shareholders related to compliance and governance deficiencies.

The company has received 20 complaints from shareholders and all were resolved as on March 31, 2018.

Committed to sustainable solutions, Thermax is utilising renewable energy at its facilities. The 100 kWp solar photovoltaic system for power generation at one of its offices (Energy House) has generated 3.5 million kWh horsepower and helped reduce 4,655 tons of carbon, till date.

During the year, there were no cases filed against the company by shareholders, nor any pending cases regarding unfair trade practices, irresponsible advertising and anti-competitive behaviour.

Some of the unique forums that promote better organisational practices:

Open Forum

Thermax organises an Open Forum every year to facilitate a democratic dialogue between the management and employees including workmen. It has proved to be an effective platform to foster employee engagement where the management captures suggestions emerging from the discussions and takes suitable actions.

There are various other platforms such as the managing director's quarterly dialogue on company performance and forums for the workmen that reflect the company's commitment to transparency, openness and two-way communication. In addition to the forums, the chairperson shares her vision and expectations through a regular column in the company's house magazine 'Fireside' which is shared with the workmen through its Marathi house magazine 'Kshitij'.

Information Sharing at Divisions

Information sharing also takes place at a divisional level in a structured manner every quarter. The divisional heads update their teams on financial results, achievements and cross-functional initiatives followed by upcoming projects, focus areas, product launches, expectations from the management and way forward for the next quarter. The sessions conclude with employee recognition and discussion on concerns and ideas from employees.

Strategic Business Development Committee (SBDC)

The primary objective of this Board committee is to review and guide the corporate strategic initiatives of the company at Strategic Business Unit (SBU), subsidiary and JV levels. Its terms of reference also covers recommendations related to the corporate brand and M&A.

Board Retreat

Once a year, the Board members and the company's Executive Council members come together for a retreat.

Thermax's Heat Recovery System - Dewtherm™ is based on condensing heat exchanger technology that maximises sensible and latent heat recovery and increase efficiency.

The venue is chosen to facilitate open discussions in an informal setting. The group assesses the alignment of individual businesses with the company's vision statement.

It reflects on the group's performance with an outside-in perspective and decides on strategies to navigate the organisation through market challenges and emerging opportunities.

Principle 2
Product Life Cycle Sustainability

Sustainable Product Innovation

Thermax has been consistently pursuing product and process innovations that incorporate principles of sustainability.

Some of Thermax's sustainable solutions include:–

- **Flue Gas Desulphurisation (FGD)**
- **Condensing Economiser**
- **Biomass Gasification**

Flue Gas Desulphurisation (FGD)

With the Government of India ratifying the Paris climate agreement, there has been a thrust on reducing SOx (oxides of sulphur) emission. As an outcome, it is mandatory for all thermal power plants in India to install FGD technology.

Thermax in partnership with Marsulex Environmental Corporation (MET, USA) has introduced reputed gas cleaning technologies such as wet and semi-dry FGD in India for coal-based thermal power plants.

Condensing Economiser

Economisers recover heat from exhaust gases in direct fired boilers. The recovered heat is used to increase the temperature of feed water to the boiler. They help customers save costs, reduce carbon dioxide gas emissions and partially mitigate SOx emission.

Dewtherm™, a system developed by Thermax is an add-on heat recovery unit based on condensing heat exchanger technology that maximises sensible and latent heat recovery. It is designed to increase the efficiency by reducing the temperature of flue gas below dew point (sulphuric acid, sulphurous acid, water) and increasing the rate of condensation.

Thermax has deployed several Dewtherms at customer sites. They can be retrofitted in existing installations without any shutdown or modifications.

Under the aegis of project 'Urja', Thermax enrolled 13 women for the welders' programme. The women have been inducted into the manufacturing facility at Savli, Gujarat and Sri City, Andhra Pradesh, after successful completion of their training programme.

Biomass Gasification

Thermax's first commercial-scale biomass gasification plant for a food processing company was commissioned. Energy Research Centre and Dahlman Renewable Technology (now Synova, Inc.) of Netherlands provided the technology which was indigenised by Thermax to suit local requirements. The plant uses bio-fuel (soya stalk) to produce 1 MW electricity. Biomass converted to gaseous fuel (called producer gas) passes through the gas clean-up system to remove tar, ammonia and other impurities. The cleaned gas is fed to four 250 KW engines to generate 1 MW power.

Sustainable Sourcing

The value of sourced products and services account for more than 50% of Thermax's revenue, which makes sustainable sourcing an integral part of doing business.

Through the policy on Sustainable Sourcing, Thermax encourages adoption of sustainable business practices throughout the supply chain while managing its social, environmental as well as economic impact. Trainings imparted to the procurement and supplier teams upgrade the capabilities of the company as well as that of its sourcing partners.

While registering vendors, Thermax evaluates them on environmental, safety, governance and social considerations. The evaluation questionnaire highlights areas of improvement for the supplier to meet the sustainability criteria.

The company also works closely with suppliers to improve their performance to 'self-certified' levels - a beneficial practice to both parties, as it eliminates the need for multiple inspections and focuses on building quality at the source. It also serves as a gateway to the process where inspection is waived off and vendors can supply items directly to a customer's shop or store for ultimate use.

During the year, Thermax collaborated with 165 key suppliers to reduce waste reduction and bring about operational improvements, resulting in improved performance.

Currently, 20% of the company's supply chain is fully compliant with sustainability requirements. Thermax plans to expand the coverage to 35% in the next four years.

Recyclable Products and Waste

All the manufacturing facilities of Thermax are ISO 14001 certified (Solapur plant is in the process of acquiring certification) as per Environment Management System (EMS). Waste Management practices are in line with EMS where waste is segregated into hazardous and non-hazardous categories. Hazardous waste is disposed as per the legal requirements. E-waste is recycled through Central Pollution Control Board (CPCB) registered recycler. Other waste, wherever possible, is recycled or reused.

Thermax's manufacturing facilities in Chinchwad, Solapur, Jhagadia, and Savli treat and reuse 100% wastewater within the plants.

Principle 3
Employee Well-Being

Diversity in Employment

Total number of employees:
4,204 (including subsidiaries)

Number of permanent women employees:
279 (including subsidiaries)

Employee Association recognised by Management

Thermax has workmen associations at factories and the involvement of permanent employees in associations is 100% at Chinchwad (Maharashtra), 80% at Paudh (Maharashtra) and 80% at Savli (Gujarat) locations.

There were no cases of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment practices reported during the year.

Learning and Development

Talent and Leadership Development

Thermax Organisation and People Development (TOPD) and Leadership Development Programme (LDP) help in strengthening the talent pipeline and building an ecosystem of learning within the company. Besides nurturing talent, they also provide avenues for career progression.

TOPD is a structured process to augment the organisational capability by identifying internal talent and mapping career opportunities. LDP runs at three levels across the organisation – Senior (LDP I), Middle (LDP II) & Junior (LDP III). It is based on the Thermax Leadership Excellence framework.

At the LDPs, assessments at various levels and identification of development areas in TOPD dialogues have ensured employee engagement across the company.

Learning interventions that are championed by the leaders of the organisation nurture a culture of approachability and visibility. Leaders Teach Series (LTS) at Thermax encourages interaction and dialogue among employees and the senior management. It also leverages the knowledge and experience of seniors in the company and creates a unique platform to learn, gain insights from leaders and network with peers.

Skill Development

Thermax Learning Academy facilitates various technical and skill development programmes throughout the year. During the year, there were 4,900 participants for skill upgrade trainings and 199 business specific training programmes were conducted.

Employees also participate in business related programmes organised outside the organisation.

The Welding Training Centre of Cooling & Heating business is affiliated to the Capital Goods Skill Council Delhi (CGSC) and is an authorised training provider for internal as well as external welders.

As a part of Learning & Development, Thermax organises the Learning Fest annually. It's a unique event focused on employee development through innovative learning methods, exposure to best practices and macro trends by way of interaction with industry experts.

Disha for Workers

Considering the growing business needs, Thermax has designed a programme for workmen called *Disha* comprising training programmes in seven critical areas – attitude and behavior, motivation, accountability and ownership, team work, work environment, holistic health and financial education.

The objective of *Disha* is to motivate workmen while driving a sense responsibility and accountability at work.

Urja - A Skill Building Initiative for Women

Under the aegis of *Urja,* Thermax joined hands with Shroff Foundation that helps young people, predominantly tribals, to develop their skills. 13 young, committed women, enrolled for the welders programme run by the foundation. They also underwent a soft skills and personality development course to enhance their confidence. The programme was piloted at the Thermax facility in Savli, Gujarat and has been extended to the upcoming facility at Sri City, Andhra Pradesh.

Voice of Youth (VoY)

'Voice of Youth' comprises a team of young professionals under 30 selected through a competitive process. This group, mentored by an assigned Executive Council member, is expected to be drivers of change within the organisation. VoY provides a platform for young professionals to propose the change they wish to see in the company, conceive new ideas, come up with creative solutions and the possibility of doing things differently.

Edge for Sales Transformation

With the help of an external consultant and the business units at Thermax, a study was conducted to understand the key drivers of sales for the company and to improve the process. The study used field visits, data gathering, meetings with key stakeholders across all SBUs and a thorough study of the current MIS being used. Subsequently, a detailed report was presented to the senior stakeholders and this was allowed by time bound action plans for training and development of sales engineers and managers. So far *Edge* has covered 10 batches of 248 employees.

Learning Fest

Learning Fest celebrates the spirit of learning through explorations of music, art and movies. In its second consecutive year, the fest had various sessions to facilitate learning through innovative way including a talk by an economist on 'Geopolitical trends and its impact on the Indian manufacturing sector.'

T- Quiz at Thermax

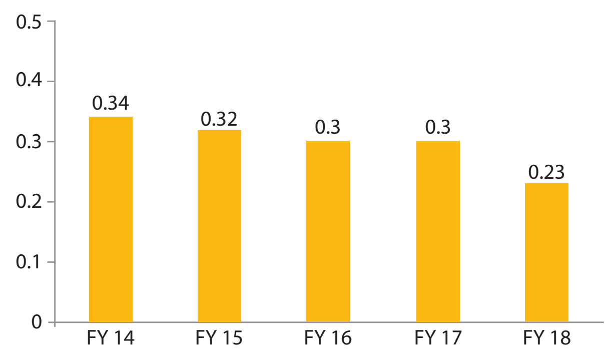
T-Quiz, through a blend of competition and fun, brought to employees many known and not-so-known facets of Thermax. Launched for the first time to improve cohesiveness across businesses and functions, this organisation-wide quiz was based on the theme 'Know Thermax, Love Thermax'. The event saw participation from 2,412 contestants.

Safety

The Health Safety and Environment (HSE) department of the company conducts regular safety training programmes at all locations and project sites of Thermax. All employees are provided with safety training as a part of the induction programme which is also a critical requirement for contract workforce before they are inducted into the system. The company has a structured safety training agenda on an ongoing basis to build a culture of safety across its workforce. Regular mock drills, safety oath at the beginning of every important employee convention and celebration of National Safety Week by way of competitions and sessions from industry experts, help in reinforcing the importance of safety.

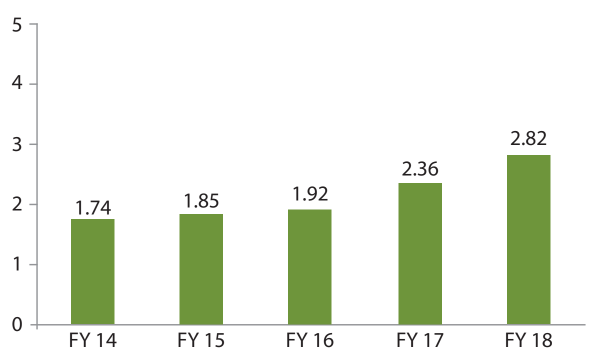
The company has institutionalised a continual learning model for skill upgradation, especially at the shop floor and customer sites. Corporate HSE department has developed and implemented 'Thermax Safety App' as one of the digital initiatives of the company for better access and quick communication of observations and incidents.

Lost Time Injury Frequency Rate



Thermax celebrated the 'National Safety Week' across offices, manufacturing facilities and project sites through a series of awareness programmes about prevention of industrial accidents and adoption of safe work habits.

Safety Training (man days/employee/year)



During FY 2017-18, there was a 19% increase in safety trainings to approximately 2.82 man days per year. These trainings along with other proactive measures have reduced Lost Time Injury Frequency Rate (LTIFR) by 23%.

Health Initiatives

Thermax has been taking initiatives to create health awareness among employees. Periodic health check-ups, periodic communication and sessions on work related diseases by internal and external health experts were organised during the year. For example, a session by a renowned physician explained causes of heart attacks and early symptoms to detect cancer.

Principle 4
Stakeholder Engagement

Thermax firmly believes that business sustainability is possible only by taking along all stakeholders, internal as well as external. The company has mapped its key stakeholders and employs various mechanisms and practices to engage them in a fruitful dialogue. Thermax seeks timely feedback and response through both formal and informal channel of communication to ensure that stakeholders are updated.

The company has well established processes for identifying and engaging with stakeholder groups.

The key stakeholders classified into six broad categories, along with their engagement mechanism are as follows:

Key stakeholder	Methods of engagement
Customer	Customer satisfaction survey, customer meets, customer site audits, website, fireside, (house magazine of Thermax group), mailers, exhibitions, promotional campaigns, brochures, road shows, social media, *In-touch* and seminars for customers.
Employee	Open forum, employee experience survey, leaders teach series, functional trainings, online trainings, employee committees, Thermax organisation and people development, leadership development, Voice of Youth forum, communication blogs, learning festival, environment and safety week celebrations.
Vendors	Vendor meets, dealer conference, vendor selection process, site visits and personal communication, vendor visits and trainings.
Owner and shareholders	Annual general meeting, quarterly results, annual report, investor meets and press releases.
Government Authorities	Government forums, policy advocacy, interactions with statutory bodies like SEBI, tax department, stock exchanges, pollution control boards and labour authorities.
Community	Site visits, meetings with local communities/NGOs, website - www.thermaxglobal.com, discussions with academic institutions, fellowships and press.

Vendor Satisfaction Survey

As a part of stakeholder engagement, Thermax Corporate Sourcing Group conducted a vendor satisfaction survey during the year to understand the level of satisfaction on the company's policies, processes and experience in actual dealings.

Response to this web based survey provided an overall satisfaction index by the vendors in business dealings. They also highlighted certain areas of improvement, which are being worked upon.

Principle 5
Human Rights

The company does not have a standalone Human Rights policy; however aspects of human rights such as child labour, occupational safety, non-discrimination are covered by its various Human Resource policies.

Thermax Code of Conduct demonstrates its commitment towards the preservation of human rights across the value chain. The company has grievance redressal mechanism in place to deal with issues related to discrimination, retaliation and harassment.

These policies cover Thermax and its group companies.

There have been no complaints received and disposed regarding violation of human rights during the year 2017-18.

Principle 6
Environment

Thermax is committed to conduct business with a strong environmental conscience. The company's Health, Safety and Environmental (HSE) policy formulates the commitment towards conducting operations in a manner that does not harm employees, customers, contractors, workmen, local residents and the environment.

All manufacturing plants in India are certified as per the ISO 14001 Environmental Management Systems (EMS) standards. The management system is further defined at group, country and site level. As a part of EMS implementation, potential environmental risks are identified and appropriate mitigation strategies are planned.

Energy conservation measures implemented at all the plants and offices of the company have resulted in reduction of 808 tons of CO_2 emissions in FY 2017-18.

The company follows reduce, reuse and recycle principles at all its manufacturing plant sites. All the manufacturing facilities except Paudh and Dahej are 'zero discharge' plants, i.e. 100% treated effluent is used for gardening, fire hydrant system and flushing in toilets.

This has resulted in a saving of 1,69,977 m^3 of fresh water withdrawal from the main source.

The details of the projects are mentioned in Annexure 5 of Director's Report.

Thermax celebrated World Environment Day 2018 with the theme of 'Break up with Plastic' through engaging events, distribution of saplings, competitions and leadership address, reiterating the importance of sustainability.

Implementation of rain water harvesting to conserve natural resources as well as to reduce dependence on the water supply resulted in storage and consumption of approximately 7,172 cubic meters of rain water through harvesting facilities at the Paudh and Jhagadia plants.

Another key initiative during the year was tree plantation across facilities of Thermax. More than 11,031 trees having girth more than 10 cm are being nurtured within Thermax campuses in India. During 2017-2018, Thermax planted additional 1,366 trees across locations. The company monitors the number of trees planted across the campuses through a tree inventory.

Thermax intends to increase its green cover and create natural carbon sinks in a sustainable way. The company has initiated the quantification of carbon sink through non-destruction method that resulted in creating one of approximately 3,062 tons.

Important environment conservation days like World Water Day, World Environment Day, Energy Conservation Week etc. are celebrated at all locations.

The company complies with prescribed permissible limits as per CPCB/SPCB for air emissions, effluent quality and discharge, solid and hazardous waste generation and disposal.

As on March 31, 2018, no show cause notice received from SPCB/CPCB are pending.

Principle 7
Policy Advocacy

Thermax is a member of various trade and chambers or associations, where senior management of the company represent Thermax and engage in discussions across various topics. Some of these associations include:

- All India Management Association
- CII National Committee for Capital Goods & Engineering
- CII National Committee on Industrial Relations
- Bombay Management Association
- Mahratta Chamber of Commerce, Industries and Agriculture
- CII National Committee of Bioenergy
- Development Council appointed by the Ministry of Heavy Industries and Public Undertaking, Government of India
- Governing Council of Capital Goods Sectors Skill Council
- Technology Information, Forecasting and Assessment Council (TIFAC)
- DST's Water Technology Initiative (WTI)

Thermax partnered with a major fertiliser manufacturing company for installing an ultrafiltration & reverse osmosis (RO) based effluent recycling plant at their plant in Rajasthan, India. The plant is designed to recover 200 m^3/hr of water which is close to 91% recovery from the effluent.

Principle 8
Equitable Development

Thermax's CSR philosophy thrives on the conviction that 'Business cannot succeed in a society that fails'. The company believes that the key enabler to a holistic, sustained and inclusive growth of the society is education and hence Thermax Foundation (TF), the non-profit CSR wing of Thermax focusses primarily on improving the standard of learning for the underprivileged children.

The company has already put in place its CSR policy as required by the Section 135 of Companies Act 2013 and an appropriate organisational structure with functional representatives to drive CSR effectively.

A separate report on the company's CSR is provided in this report on page no. 40 to 44

Principle 9
Customer Value

Thermax has deployed multiple approaches to anticipate customer's needs, expectations, preferences on products & services and understanding current & future customer requirements.

A Customer Relationship Centre captures requirements of customers either directly during interactions or indirectly through surveys and complaint - tracking. Data collection and analysis processes have been put in place to periodically assess the customer's needs.

At Thermax there is a structured mechanism to capture and resolve customer complaints. During the year, 3.2% complaints are pending for resolution. After thorough investigation of the complaints, it was found that there was no concern regarding the safety profile of any product.

Thermax conducts customer satisfaction surveys once in three years through a third party. The survey captures customer experiences in various areas such as product quality, delivery, technical assistance, service support, customer orientation, relationship building, company personnel and customer loyalty.

During the FY 2017-18 there were no complaints relating to unfair trade practices, irresponsible advertising or anti-competitive behaviour against the company.

Thermax conducts various events for potential customers like seminars, conferences and road shows on products. Through these type of events, the customers are made aware of the company's capabilities in technological advancement, service support and people competencies, which are essential to maintain an edge in the competitive business environment.

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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. Energy conservation measures adopted across the company have made energy usage more efficient.

Lighting systems have improved by changing over to Light Emitting Diodes (LEDs), and replacing higher watt High Pressure Sodium Vapour (HPSV) lamps with lower watt lamps. Electricity usage is optimised by providing pressure switch cut-off in hybrid power circuit of machines at the plant. Another initiative comprises the implementation of inverter-based welding machine at one of the plants at Chinchwad, Pune, by scrapping the existing thyristor based welding machine. By identifying and arresting compressed air leakage points at the Chinchwad manufacturing facility, electricity consumption has been reduced. These initiatives have helped your company maintain an optimum power factor at all its manufacturing locations, thereby earning incentives from the electricity board.

The Paudh manufacturing facility has reduced its electricity consumption by 4 kWh for every cubic meter of resin produced from 251 kWh/m^3 of equivalent resin in FY 2016-17 to 247 kWh/m^3 of equivalent resin. This was achieved by optimising utility power consumption and VAM operation.

b. Fuel:

By optimising boiler operation, the furnace oil consumption was reduced by 2 kg for every cubic meter of resin produced (from 122 kg/m^3 to 120 kg/m^3) at Paudh.

Optimising the efficiency of stress relieving heating furnace to handle multiple jobs at a time resulted into saving of 23,400 litres of LDO at the Chinchwad manufacturing facility and similarly 40,939 kg of propane at the Savli manufacturing facility.

All these measures have resulted in annual saving of Rs. 84 lakh.

c. Water:

The company continued its efforts to conserve water resources by recycling a major portion of its waste water, harvesting of rain water and reducing its water consumption as well as controlling water losses in all manufacturing locations of the company. These efforts at factory locations of Chinchwad, Savli, Paudh, Solapur and Jhagadia have resulted in saving 278698 m^3 water during the year.

(ii) Steps taken by the company for utilising alternative sources of energy:

The company continues its efforts to utilise alternative sources of energy at plant locations. These initiatives include installation of 826 kWp capacity of rooftop captive solar power generation projects at Savli, Vadodara and offices at Pune. These installations have started generating power and the units generated will be accounted in FY 18-19.

B. Technology Absorption

1. Efforts, in brief, made towards technology absorption

The technology of Multiple Effect Evaporator for Zero Liquid Discharge was developed in-house. Critical data such as the multi-salt common ion-effect and boiling point elevation data was generated based on the special experimental setup. Another important feature of this technology is the material of construction due to presence of temperatures and dissolved salts. The selection criteria/methodology for the material of construction was developed in-house in the Materials Science Centre of Excellence. Several innovative features are integrated and is now absorbed by the respective division.

Smart controller for Electrostatic Precipitator (ESP) was developed by integrating Thermax's process and operation knowledge in collaboration with a leading DSP (Digital Signalling Processor) developer. The process went through all the TRL-8 (Technology Readiness Level) cycles and has been tested in the field, meeting all the parameters of performance.

2. Benefits derived as a result of the above efforts – product improvement, cost reduction, product development, import substitution etc.

Introduction of a new product line for the division, ZLD is being mandated by Government of India in every process industry. The in-house developed technology with innovative design makes this a preferred offering to meet the sustainability needs of customers.

Smart controller for ESP will enhance its performance thereby reducing the suspended particulate matter

(SPM) levels. They can be integrated in existing

installations and also offered as a standalone controller.

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year), following information is furnished

Technology imported	Year of import	If technology has been fully absorbed	If not absorbed, reasons and future plan of action
Wet & Dry Flue Gas Desulfurisation (FGD)	2015	In the process of absorption	Your company has bid for few enquiries. Technology will be fully absorbed once orders are received, executed and commissioned with assistance from the technology partner

4. Expenditure on R&D

Particulars	Amount in Rs. crore	
	Current Year 2017-18	Previous Year 2016-17
a. Capital	0.01	0.05
b. Recurring	22.61	19.56
c. Total	22.62	19.61
d. Total R&D expenditure as a percentage of turnover	**0.59%**	**0.52%**

C. Foreign exchange Earnings and Outgo

The company's operations in export markets are elaborated in the Management Discussion and Analysis Report.

During the year, the company had net foreign exchange inflows of Rs. 545 crore as against a net inflow of Rs. 631 crore in the previous year.

For and on behalf of the Board

Meher Pudumjee
Chairperson
DIN 00019581

Pune, May 18, 2018

Annual Report on CSR Activities & CSR Policy

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programme

The Board of Directors of Thermax Ltd., 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 focusing 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 to 'Thermax Foundation' (TF).

2. CSR Policy highlights

In a society characterised by widening inequalities of income and opportunity, Thermax believes that education is the single most powerful instrument of change that gives a child choices in life, hopefully leading a child out of the vicious cycle of poverty and thereby, transforming the life trajectory of a family. The following methodology is adopted for carrying out CSR activities:

- **Support to NGOs:** Support deserving and credible NGOs within India doing quality work, either as one-time or for the long term, as the case may be. Evaluate and assess the need of projects and help in increasing their impact.
- **Project evaluation & monitoring:** Study and evaluate the projects for funding from the perspective of corpus available, people involved, impact, need, time frame and a third party where applicable, for measurement of social impact. Uphold accountability for the funds invested in the NGO's project through regular monitoring of the project's progress.
- **Hands-on support and guidance:** Besides funding support, TF may decide to provide mentoring and ongoing strategic guidance to the projects funded.
- **People focus and belief in value based partnership:** TF ensures the credibility of the NGO and people involved before funding a project. It values transparent and honest communication with its partners and works collaboratively in decision making.
- **Employee involvement:** Thermax endeavours to engage its employees in implementing its CSR activities.
- The CSR Committee shall be responsible for monitoring implementation and evaluating the impact, as also updating the policy from time to time.
- The CSR Committee shall ensure that the surplus (if any) arising out of CSR activities shall not form part of the business profit of the company.

The CSR Committee will monitor the process, progress and impact of the various projects undertaken. The CSR Committee in turn would keep the Board informed.

3. Composition of the CSR Committee

In accordance with Section 135 of Companies Act, 2013 and the Rules pertaining thereto, a committee of the Board known as 'Corporate Social Responsibility (CSR) Committee' comprising the following members has been constituted:

Chairperson	Anu Aga	Director
Member	Meher Pudumjee	Director
Member	Dr. R. A. Mashelkar	Independent Director
Member	Nawshir Mirza	Independent Director

4. Average net profit of the company for last three financial years, as per Section 198 of the Companies Act, 2013

The average net profit of the company for the last three financial years is Rs. 432.33 crore.

5. Prescribed CSR expenditure (two per cent of the amount as in item 4 above)

The company has contributed Rs. 8.65 crore to TF as CSR spend during the financial year 2017-18 against statutory requirement of Rs. 8.65 crore (2% of Rs. 432.33 crore).

6. Details of CSR spent during the financial year

a) Total amount to be spent for the financial year: Rs. 8.65 crore

b) Actual amount spent by the company for the financial year: Rs. 8.65 crore

c) Total amount spent by TF for the financial year: Rs. 9.79 crore

d) Amount underspent: Nil

e) Manner in which the amount spent during the financial year is detailed on the next page.

7. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report

The CSR activities of the company are implemented through TF. The company has contributed 2% of the average profit towards the corpus of TF during the FY 2017-18 amounting to Rs. 8.65 crore. During the year, TF has spent Rs. 9.79 crore.

TF continuously monitors the progress of projects implemented by the partner organisations and helps them to achieve the expected outcome.

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the company.

(Managing Director & CEO)

(Chairperson - CSR Committee)

Reporting on the CSR Activities

For the year ended March 31, 2018

1	2	3	4	5	6	7	8
Sr No.	**CSR project or activity identified**	**Sector in which project is covered**	**Projects or programmes (1) Local area or others (2) Specify the state and district where projects or programmes were undertaken**	**Amount Outlay (budget) project or programme**	**Amount spent on projects or programme (1) Direct expenditure (2) Overhead**	**Cumulative expenditure up to the reporting period**	**Amount spent directly by Thermax Foundation or through implementing agency**
				Rs. in lakh			
1	Adoption and running of municipal schools	Education	Pune, PMC & PCMC	743.25	743.25	743.25	Through Akanksha Foundation
2	Leadership Institute for Teachers (LIFT)	Education	Pune	109.60	50.07	50.07	Direct
3	Teach For India (TFI)	Education	Pune	160.00	160.00	160.00	Through Teach to Lead
4	Rural development project undertaken by Rotary Club of Nigdi	Rural Development	Nigdi, Pune	1.00	1.00	1.00	Through Rotary Club of Nigdi, Pune Charitable Trust
5	Pune City Connect	Education	Pune	25.00	25.00	25.00	Through Pune City Connect Development Foundation
	Total			**1038.85**	**979.32**	**979.32**	

Annexure – 7 to the Directors' Report

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended March 31, 2018

[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 Limited
CIN: L29299PN1980PLC022787

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2018** 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, 2018 according to the provisions of:

(i) The Companies Act, 2013, the Companies Amendment Act, 2017 (the Act) and the rules made thereunder **(in so far as they are made applicable);**

(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 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) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued; **(not applicable to the Company during the Audit Period);**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not applicable to the Company during the Audit Period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(not applicable to the Company during the Audit Period)**;

(vi) No Sector specific law is applicable 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 Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1) The Company Secretary (KMP) of the company had resigned on 13th January, 2017 and the new KMP was appointed on 08th August, 2017 which is beyond the prescribed period of six months as required under Section 203 (4) of the Act and consequently the Financial Statement of the company for the year ended on 31st March, 2017 could not be signed by the KMP.

2) Approval of the Audit Committee is absent for one related party transaction relating to appointment of relative of director in the company as required under Regulation 23 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Board at its meeting held on 06th February, 2018 has approved above related party transaction.

We further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were generally 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, there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Pune
Date: May 18, 2018

For SVD & Associates
Company Secretaries

S V Deulkar
Partner
FCS No: 1321
C P No: 965

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

'ANNEXURE A'

To,
Members,
Thermax Limited
CIN: L29299PN1980PLC022787

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. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. 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.

Place: Pune
Date: May 18, 2018

For SVD & Associates
ompany Secretaries

S V Deulkar
Partner
FCS No: 1321
C P No: 965

Annexure – 8 to the Directors' Report

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details :

I.	CIN	:	L29299PN1980PLC022787
II.	Registration Date	:	30/06/1980
III.	Name of the Company	:	Thermax Limited
IV.	Category / Sub-Category of the Company	:	Public Company/Limited by shares
V.	Address of the Registered Office and Contact Details	:	D-13, MIDC Industrial Area, R. D Aga Road, Chinchwad - 411019, Pune, Maharashtra. Contact details: Corporate office Tel: +91-020-66122100 Fax: +91-020-25541226
VI.	Whether listed company	:	Yes
VII.	Name, Address and Contact Details of Registrar and Transfer Agent, if any	:	1. **Name**: Karvy Computershare Pvt. Ltd. Unit: Thermax Limited 2. **Address**: Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 India. 3. **Contact** : i. Phone No.: 040-67161500, 33211000 ii. Fax No: 040-23420814, 23001153 iii. Toll free: 1800 3454 4001 iv. Email ID: einward.ris@karvy.com v. Website: www.karvy.com

II. Principal Business Activities of the company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
1	Boilers and Heaters, Absorption Chillers/Heat Pumps, Power Plants, Solar Equipment, related services.	25131	78
2	Air Pollution Control Equipments/System, Water & Waste Recycle Plant, related services.	37003	14

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associates	% of Shares held	Applicable Section
1	RDA Holdings Private Limited* 501, 5th Floor, Marvel Alaina, Koregaon Park, Pune 411001	U45001PN1982PTC026507	Holding	53.99	2(46)
2	Thermax Onsite Energy Solutions Ltd. Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U40109PN2009PLC134659	Subsidiary	100	2(87)(ii)
3	Thermax Instrumentation Ltd. Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U72200MH1996PTC099050	Subsidiary	100	2(87)(ii)
4	Thermax Engineering Construction Company Ltd. Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U29246MH1991PLC062959	Subsidiary	100	2(87)(ii)
5	Thermax Sustainable Energy Solutions Ltd. Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U29219PN1987PLC045658	Subsidiary	100	2(87)(ii)
6	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai 400039	U29253MH2010PTC204890	Subsidiary	51	2(87)(ii)
7	Thermax SPX Energy Technologies Ltd. Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U29299PN2009PLC134761	Subsidiary	51	2(87)(ii)
8	First Energy Private Limited Thermax House, 14-Mumbai-Pune Road, Wakdewadi, Pune 411003	U40200PN2008FTC139032	Subsidiary	76	2(87)(ii)
9	Thermax International Ltd. 9th Floor, Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)(ii)
10	Thermax Europe Ltd. I Lumley Street, Mayfair, London W1K 6TT, UK	NA	Subsidiary	100	2(87)(ii)
11	Thermax Inc. 16200, Park Row, Suite 190, Houston, Texas 77084, USA	NA	Subsidiary	100	2(87)(ii)
12	Thermax do Brasil-Energia e Equipamentos Ltda. Av. Paulista, 37-04, ander-edificio Pq, cultural Paulista, São Paulo, Brazil	NA	Subsidiary	100	2(87)(ii)

Sl. No	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associates	% of Shares held	Applicable Section
13	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. No.645, Chayuan Road, Jiaxing Economic Development Zone, Jiaxing, Zhejiang, China PRC. Post: 314003	NA	Subsidiary	100	2(87)(ii)
14	Thermax Denmark ApS Industrivej Nord 13, 7400 Herning, Denmark	NA	Subsidiary	100	2(87)(ii)
15	Thermax Netherlands B.V. Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam Zuidoost, The Netherlands	NA	Subsidiary	100	2(87)(ii)
16	Danstoker A/S Industrivej Nord 13 DK-7400, Herning, Denmark	NA	Subsidiary	100	2(87)(ii)
17	Ejendomsanpartsselskabet Industrivej Nord 13 Industrivej Nord 13, DK-7400 Herning, Denmark	NA	Subsidiary	100	2(87)(ii)
18	Boilerworks A/S Papegøjevej 7, DK-6270, Tonder, Denmark	NA	Subsidiary	100	2(87)(ii)
19	Boilerworks Properties ApS Industrivej Nord 13, 7400, Herning, Denmark	NA	Subsidiary	100	2(87)(ii)
20	Rifox-Hans Richter GmbH Spezialarmaturen Bertha-Von-Suttner- Str. 9, 28207 Bremen, Germany HRB3148	NA	Subsidiary	100	2(87)(ii)
21	Thermax SDN. BHD. Suite 50-4-3A, 4th floor, Wisma UOA Damansara 50, Jalan Dungun 50490 Kuala Lumpur, Malaysia	NA	Subsidiary	100	2(87)(ii)
22	Thermax Engineering Singapore Pte Ltd. 100 Beach Road #30-00 Shaw Towers Singapore 189702	NA	Subsidiary	100	2(87)(ii)
23	PT Thermax International Gedung Menara Palma Lontai 9, Unit 9-02, B/03, J1 HR, Rasuna Said Block X2 Kav 6, Jakarta 12950, Indonesia	NA	Subsidiary	100	2(87)(ii)
24	Thermax Senegal S.A.R.L, Dakar Senegal Domicilia 29 Avenue Pasteur, Senegal	NA	Subsidiary	100	2(87)(ii)
25	Thermax Nigeria Limited Landmark Towers, Plot 5B, Water Corporation Road, Victoria Island, Lagos, Nigeria	NA	Subsidiary	100	2(87)(ii)
26	Thermax Energy & Environment Philippines Corporation 10/F 8 Rockwell Hidalgo – Plaza Drive Rockwell center Makati, Matro Manila, Philippines	NA	Subsidiary	100	2(87) (ii)
27	Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia ul. kolejowa, nr 20, lok. ---,miejsc. ostrowiec swietokrzyski, kod 27-400, poczta ostrowiec, swietokrzyski, kraj polska	NA	Subsidiary	100	2(87) (ii)
28	Thermax Energy & Environment Lanka (Private) Limited Level 3, No 11, Castle Lane, Colombo 04	NA	Subsidiary	100	2(87) (ii)

* ARA Trusteeship Company Pvt. Ltd. (ARA) holds 7.99% shares of the company. ARA also holds 99.99% equity share capital of RDA Holdings Pvt. Ltd. (RDA). This shareholding of ARA in RDA is in a fiduciary capacity (i.e. holding shares in trust) and hence it is not considered for the purpose of determining the 'holding-subsidiary' relationship between RDA and ARA in view of Ministry of Corporate Affairs circular no. 20/2013 dated December 27, 2013. In view of this, RDA is the holding company of Thermax Limited.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year (As on 01-04-2017)				No. of shares held at the end of the year (As on 31-03-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	6000	-	6000	0.00	6000	-	6000	0.00	0
b) Central Govnt	-	-	-	-	-	-	-	-	0
c) State Govnt(s)	-	-	-	-	-	-	-	-	0
d) Bodies Corp.	73849305	-	73849305	61.98	73849305	-	73849305	61.98	0
e) Banks/FI	-	-	-	-	-	-	-	-	0
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	0
Sub-total (A)(1):	**73855305**	**-**	**73855305**	**61.98**	**73855305**	**-**	**73855305**	**61.98**	**0**
(2) Foreign	-	-	-	-	-	-	-	-	0
a) NRIs Individuals	-	-	-	-	-	-	-	-	0
b) Other – Individuals	-	-	-	-	-	-	-	-	0
c) Bodies Corp.	-	-	-	-	-	-	-	-	0
d) Banks/ FI	-	-	-	-	-	-	-	-	0
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	0
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**73855305**	**-**	**73855305**	**61.98**	**73855305**	**-**	**73855305**	**61.98**	**0**
B. Public Shareholding									
1. Institution									
a) Mutual Funds	9220501	-	9220501	7.74	11740470	-	11740470	9.85	2.11
b) Banks/FI	2253443	-	2253443	1.89	1951431	-	1951431	1.64	(0.25)
c) Central Govt	-	-	-	-	-	-	-	-	0
d) State Govt(s)	-	-	-	-	-	-	-	-	0
e) Venture Capital Funds	-	-	-	-	-	-	-	-	0
f) Insurance Companies	-	-	-	-	-	-	-	-	0
g) FIIs	19195745	-	19195745	16.11	17626283	-	17626283	14.79	(1.32)

Category of Shareholders	No. of shares held at the beginning of the year (As on 01-04-2017)				No. of shares held at the end of the year (As on 31-03-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0
i) Any other	-	-	-	-	-	-	-	-	0
Sub-total(B)(1):	**30669689**	**-**	**30669689**	**25.74**	**31318184**	**-**	**31318184**	**26.28**	**0.54**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1307353	4000	1311353	1.10	1378996	1000	1379996	1.16	0.06
ii) Overseas	-	-	-	-	-	-	-	-	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	5416205	3036735	8452940	7.09	4838640	2935810	7774450	6.52	(0.57)
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh*	3218750	1169685	4388435	3.68	3042973	1169685	4212658	3.54	(0.14)
c) Others (specify)									
– Directors Relative	-	-	-	-	-	-	-	-	0
– Trusts	20	-	20	-	120	-	120	-	0
– Foreign Bodies Corporate	-	-	-	-	-	-	-	-	0
– Foreign Bodies-DR	-	-	-	-	-	-	-	-	0
– Non Resident Indian	131472	2500	133972	0.11	110109	500	110609	0.09	(0.02)
– NRI Non Repatriation	245647	-	245647	0.21	368326	-	368326	0.31	0.10
– HUF	-	-	-	-	-	-	-	-	0
– Clearing Members	98939	-	98939	0.08	75543	-	75543	0.06	(0.02)
– IEPF	-	-	-	-	61109	-	61109	0.05	0.05
Sub-total(B)(2):	10418386	4212920	14631306	12.28	9875816	4106995	13982811	11.73	(0.55)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**41088075**	**4212920**	**45300995**	**38.02**	**41194000**	**4106995**	**45300995**	**38.02**	**0**
Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	0
Grand Total (A+B+C)	**114943380**	**4212920**	**119156300**	**100.00**	**115049305**	**4106995**	**119156300**	**100.00**	**0**

* This includes 65,41,440 equity shares (5.49%) held by employee benefit trust of the company which are being disclosed to the Stock Exchanges as 'Non promoter- Non public' category in the share holding pattern.

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholding at the end of the year (As on 31-03-2018)			
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	% change in shareholding during the year
1	RDA Holdings Private Limited	64328500	53.99	0	64328500	53.99	0	**0**
2	ARA Trusteeship Company Private Limited	9520805	7.99	0	9520805	7.99	0	**0**
3	Arnavaz Rohinton Aga	NIL						
4	Meher Pudumjee							
5	Pheroz Pudumjee	6000	0	0	6000	0.00	0	**0**
	Total	**73855305**	**61.98**	**0**	**73855305**	**61.98**	**0**	**0**

iii) Change in Promoters' Shareholding

There is no change in promoter's shareholding during the year.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
1	Matthews Pacific Tiger Fund	5310034	4.46	31/03/2017	–	–	5310034	4.46
				31/03/2018	–	–	5310034	4.46
2	SBI Magnum Global Fund	3372974	2.83	31/03/2017	-	-	3372974	2.83
				14/04/2017	-430700	Transfer	2942274	2.47
				21/04/2017	430000	Transfer	3372274	2.83
				28/04/2017	270000	Transfer	3642274	3.06
				28/04/2017	-180000	Transfer	3462274	2.91
				05/05/2017	190000	Transfer	3652274	3.07
				05/05/2017	-190000	Transfer	3462274	2.91
				21/07/2017	-400000	Transfer	3062274	2.57
				28/07/2017	400000	Transfer	3462274	2.91
				15/09/2017	233933	Transfer	3696207	3.10
				29/09/2017	405766	Transfer	4101973	3.44
				08/12/2017	-700	Transfer	4101273	3.44
				15/12/2017	-403607	Transfer	3697666	3.10
				29/12/2017	-10308	Transfer	3687358	3.09
				05/01/2018	-50000	Transfer	3637358	3.05
				12/01/2018	-1100	Transfer	3636258	3.05
				23/02/2018	-127067	Transfer	3509191	2.95
				09/03/2018	-30150	Transfer	3479041	2.92
				16/03/2018	-139524	Transfer	3339517	2.80
				23/03/2018	-43963	Transfer	3295554	2.77
				30/03/2018	-78419	Transfer	3217135	2.70
				31/03/2018	-	-	3217135	2.70

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
3	Pinebridge Investments GF Mauritius Limited	2892488	2.43	31/03/2017	-	-	2892488	2.43
				07/07/2017	-100000	Transfer	2792488	2.34
				20/10/2017	-200000	Transfer	2592488	2.18
				27/10/2017	-12000	Transfer	2580488	2.17
				12/01/2018	-108141	Transfer	2472347	2.07
				31/03/2018	-	-	2472347	2.07
4	LIC Of India Child Fortune Plus Growth Fund	1880631	1.58	31/03/2017	-	-	1880631	1.58
				31/03/2018	-	-	1880631	1.58
5	Goldman Sachs India Fund Limited	1578278	1.32	31/03/2017	-	-	1578278	1.32
				07/04/2017	30254	Transfer	1608532	1.35
				31/03/2018	-	-	1608532	1.35
6	UTI-Mid Cap Fund	1303447	1.09	31/03/2017	-	-	1303447	1.09
				28/04/2017	244110	Transfer	1547557	1.30
				23/06/2017	-5970	Transfer	1541587	1.29
				07/07/2017	-3662	Transfer	1537925	1.29
				11/08/2017	-6909	Transfer	1531016	1.28
				01/09/2017	-3000	Transfer	1528016	1.28
				08/09/2017	-7500	Transfer	1520516	1.28
				15/09/2017	-6000	Transfer	1514516	1.27
				22/09/2017	-7500	Transfer	1507016	1.26
				29/09/2017	-103032	Transfer	1403984	1.18
				06/10/2017	11500	Transfer	1415484	1.19
				06/10/2017	-5769	Transfer	1409715	1.18
				13/10/2017	23000	Transfer	1432715	1.20
				13/10/2017	-1500	Transfer	1431215	1.20

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
				20/10/2017	20596	Transfer	1451811	1.22
				03/11/2017	18751	Transfer	1470562	1.23
				17/11/2017	7000	Transfer	1477562	1.24
				24/11/2017	59015	Transfer	1536577	1.29
				08/12/2017	6500	Transfer	1543077	1.30
				22/12/2017	-172	Transfer	1542905	1.29
				29/12/2017	4000	Transfer	1546905	1.30
				05/01/2018	-2213	Transfer	1544692	1.30
				12/01/2018	5000	Transfer	1549692	1.30
				12/01/2018	-298	Transfer	1549394	1.30
				19/01/2018	-1987	Transfer	1547407	1.30
				26/01/2018	7000	Transfer	1554407	1.30
				26/01/2018	-1000	Transfer	1553407	1.30
				02/02/2018	-5983	Transfer	1547424	1.30
				09/02/2018	-9169	Transfer	1538255	1.29
				23/02/2018	-1991	Transfer	1536264	1.29
				09/03/2018	13706	Transfer	1549970	1.30
				09/03/2018	-8296	Transfer	1541674	1.29
				23/03/2018	20832	Transfer	1562506	1.31
				30/03/2018	3564	Transfer	1566070	1.31
				31/03/2018	-	-	1566070	1.31

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
7	Kotak Mahindra Balance Unit Scheme 99	622804	0.52	31/03/2017	-	-	622804	0.52
				14/04/2017	7718	Transfer	630522	0.53
				21/04/2017	42096	Transfer	672618	0.56
				28/04/2017	693	Transfer	673311	0.57
				05/05/2017	5328	Transfer	678639	0.57
				19/05/2017	1432	Transfer	680071	0.57
				26/05/2017	15902	Transfer	695973	0.58
				02/06/2017	2177	Transfer	698150	0.59
				09/06/2017	9058	Transfer	707208	0.59
				16/06/2017	25269	Transfer	732477	0.61
				23/06/2017	20000	Transfer	752477	0.63
				30/06/2017	1762	Transfer	754239	0.63
				07/07/2017	100000	Transfer	854239	0.72
				14/07/2017	19526	Transfer	873765	0.73
				21/07/2017	37727	Transfer	911492	0.76
				28/07/2017	332	Transfer	911824	0.77
				04/08/2017	17553	Transfer	929377	0.78
				22/09/2017	30000	Transfer	959377	0.81
				29/09/2017	15596	Transfer	974973	0.82
				27/10/2017	3426	Transfer	978399	0.82
				31/10/2017	688	Transfer	979087	0.82
				03/11/2017	12792	Transfer	991879	0.83
				10/11/2017	6804	Transfer	998683	0.84
				17/11/2017	12804	Transfer	1011487	0.85
				17/11/2017	-357	Transfer	1011130	0.85
				24/11/2017	6601	Transfer	1017731	0.85
				08/12/2017	680	Transfer	1018411	0.85
				22/12/2017	223781	Transfer	1242192	1.04

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
				29/12/2017	38173	Transfer	1280365	1.07
				05/01/2018	28956	Transfer	1309321	1.10
				12/01/2018	-108	Transfer	1309213	1.10
				02/02/2018	-5000	Transfer	1304213	1.09
				23/02/2018	10194	Transfer	1314407	1.10
				02/03/2018	5000	Transfer	1319407	1.11
				09/03/2018	2594	Transfer	1322001	1.11
				16/03/2018	65000	Transfer	1387001	1.16
				23/03/2018	100382	Transfer	1487383	1.25
				30/03/2018	41632	Transfer	1529015	1.28
				31/03/2018			1529015	1.28
8	Sundaram Mutual Fund A/C Sundaram Select Midcap	626371	0.53	31/03/2017	-	-	626371	0.53
				07/04/2017	10000	Transfer	636371	0.53
				05/05/2017	43403	Transfer	679774	0.57
				09/06/2017	60000	Transfer	739774	0.62
				16/06/2017	47636	Transfer	787410	0.66
				23/06/2017	30364	Transfer	817774	0.69
				30/06/2017	7000	Transfer	824774	0.69
				07/07/2017	10000	Transfer	834774	0.70
				14/07/2017	5000	Transfer	839774	0.70
				28/07/2017	1000	Transfer	840774	0.71
				04/08/2017	2500	Transfer	843274	0.71
				11/08/2017	1524	Transfer	844798	0.71
				18/08/2017	17019	Transfer	861817	0.72
				01/09/2017	3555	Transfer	865372	0.73
				08/09/2017	167	Transfer	865539	0.73
				15/09/2017	8759	Transfer	874298	0.73

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
				01/12/2017	7753	Transfer	882051	0.74
				08/12/2017	12247	Transfer	894298	0.75
				15/12/2017	321123	Transfer	1215421	1.02
				22/12/2017	78193	Transfer	1293614	1.09
				12/01/2018	-10000	Transfer	1283614	1.08
				02/03/2018	20000	Transfer	1303614	1.09
				02/03/2018	-15000	Transfer	1288614	1.08
				09/03/2018	3127	Transfer	1291741	1.08
				09/03/2018	-9883	Transfer	1281858	1.08
				31/03/2018	-	-	1281858	1.08
9	Reliance Capital Trustee Co. Ltd. A/C Reliance Div	712822	0.60	31/03/2017	-	-	712822	0.60
				30/06/2017	-2381	Transfer	710441	0.60
				07/07/2017	-31038	Transfer	679403	0.57
				11/08/2017	44000	Transfer	723403	0.61
				20/10/2017	208620	Transfer	932023	0.78
				17/11/2017	828	Transfer	932851	0.78
				15/12/2017	-73403	Transfer	859448	0.72
				22/12/2017	-27100	Transfer	832348	0.70
				29/12/2017	-1885	Transfer	830463	0.70
				05/01/2018	-6515	Transfer	823948	0.69
				12/01/2018	-24475	Transfer	799473	0.67
				19/01/2018	-10025	Transfer	789448	0.66
				09/03/2018	60552	Transfer	850000	0.71
				23/03/2018	2847	Transfer	852847	0.72
				30/03/2018	11420	Transfer	864267	0.73
				31/03/2018	-	-	864267	0.73

Sl. No.	Name of the shareholder	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning (01-04-2017/end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
10	HDFC Trustee Company Ltd - A/C HDFC Mid – Cap Opportunities Fund	884372	0.74	31/03/2017	-	-	884372	0.74
				26/05/2017	-4772	Transfer	879600	0.74
				09/06/2017	-50000	Transfer	829600	0.70
				31/03/2018	-	-	829600	0.70
11	Matthews India Fund	1183128	0.99	31/03/2017	-	-	1183128	0.99
				26/05/2017	-27	Transfer	1183101	0.99
				02/06/2017	-21279	Transfer	1161822	0.98
				04/08/2017	-70000	Transfer	1091822	0.92
				11/08/2017	-70000	Transfer	1021822	0.86
				08/09/2017	-4800	Transfer	1017022	0.85
				15/09/2017	-415200	Transfer	601822	0.51
				22/09/2017	-136772	Transfer	465050	0.39
				29/09/2017	-465050	Transfer	0	0.00
				31/03/2018	-	-	0	0.00

ICICI Prudential Long Term Equity Fund (Tax Saving) and Amansa Holdings Private Limited, have ceased to be in the list of top ten shareholders as on March 31, 2018.

Kotak Mahindra Balance Unit Scheme 99 and Sundaram Mutual Fund A/C Sundaram Select Midcap have become part of the top 10 shareholders as on March 31 , 2018.

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
A	**Director**							
1.	Pheroz Pudumjee	6000	0.00	31/03/2018	-	-	6000	0.00
B	**Key Managerial Personnel (KMP)**							
1.	Amitabha Mukhopadhyay (Group CFO)	450	0.00	31/03/2018	-	-	450	0.00

The following Directors/Key Managerial Personnel (KMP) did not hold any shares during FY 2017-18:
Arnavaz Aga, Meher Pudumjee, Nawshir Mirza, Dr. Jairam Varadaraj, Dr. Raghunath A. Mashelkar, Dr. Valentin A. H. von Massow, S. B. Pandit and Harsh Mariwala - Directors
M. S. Unnikrishnan – Managing Director & Chief Executive Officer (KMP)
Kedar P. Phadke – Company Secretary (KMP) w.e.f August 8, 2017.

vi) Indebtedness

Indebtedness of the company including interest outstanding/accrued but not due for payment

(Rs. in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	6521	0	0	6521
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**6521**	**0**	**0**	**6521**
Change in indebtedness during the financial year				
Addition	1128	4000	0	5128
Reduction	0	0	0	0
Net Change	**1128**	**4000**	**0**	**5128**
Indebtedness at the end of the financial year				
i) Principal Amount	7649	4000	0	11649
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**7649**	**4000**	**0**	**11649**

vii) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration of M S Unnikrishnan Managing Director & Chief Executive Officer	Total Amount (Rs. lakh)
1	**Gross salary**	
	a. Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	**319.11**
	b. Value of perquisites u/s 17(2) Income-tax Act,1961	**7.07**
	c. Profits in lieu of salary under section 17(3) Income-tax Act,1961	0
2	Stock Option	0
3	Sweat Equity	Nil
4	Commission - as % of profit – Others, specify - lumpsum	110.00
5	Others, please specify (Retiral Benefits)	20.32
	Total (A)	**456.50**
	Ceiling as per the Act	Rs. 1914.7 lakh (Being 5% of the net profit of the company as per Section 198 of the Companies Act 2013)

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors						Total (Rs. lakh)
1	**Independent Directors**	**Dr. Jairam Varadaraj**	**Dr. R. A. Mashelkar**	**Dr. Valentin A. H. von Massow**	**Nawshir Mirza**	**Harsh Mariwala**	**S. B. Pandit**	
	Fee for attending Board/committee meetings	5.50	2.50	6.50	4.50	3.00	2.00	24.00
	Commission	11.00	10.00	30.08@	30.00	17.00	7.00	105.08
	Others, please specify	NA	NA	NA	NA	NA	NA	NA
	Total (1)	**16.50**	**12.50**	**36.58**	**34.50**	**20.00**	**9.00**	**129.08**
2	**Other Non-Executive Directors**	**Meher Pudumjee**	**Pheroz Pudumjee**	**Arnavaz Aga**				
	Fee for attending board/ Committee meetings	5.50	7.00	3.50				16.00
	Commission	35.00	15.00	14.00				64.00
	Others, please specify	-	-	-				-
	Total (2)	**40.50**	**22.00**	**17.50**				**80.00**
	Total (B) = (1+2)	**57.00**	**34.50**	**54.08**	**34.50**	**20.00**	**9.00**	**209.08**
	Total remuneration to other Directors							
	Overall ceiling as per the Act		Rs. 383 lakh (Being 1% of Net profit of the company calculated as per section 198 of the Companies Act, 2013)					
	Total Managerial Remuneration							**635.57**

@ 37,500 Euro (Rate applicable as on March 31, 2018 Rs. 80.25 per Euro)

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director:

(Rs. in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	
		Kedar P Phadke*	Amitabha Mukhopadhyay	Total
1	**Gross salary**			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	15.89	190.51	206.40
(b)	Value of perquisites u/s 17(2) Income-tax Act,1961	0.12	2.01	2.13
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission- – as % of profit – Others, specify	-	-	-
5	Others, please specify (Retiral Benefits)	1.43	8.97	10.40
	Total	**17.44**	**201.49**	**218.93**

*Appointed on August 8, 2017

viii) Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give Details)
a) Company					
Penalty					
Punishment					
Compounding					
b) Directors					
Penalty					
Punishment			NIL		
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Thermax Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS 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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to note 32A(a) of the standalone Ind AS financial statements relating to the demand orders/ show cause notice on the Company for Rs. 1,376.92 crores (including penalty of Rs. 325.29 crores and excluding interest not presently quantified) by the Commissioner of Central Excise, Pune. The Company has filed an appeal against the said orders and filed replies to the show cause notice cum demand order. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, 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 Ind AS 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) The matter described in Emphasis of matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
   (f) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (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, 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 Ind AS financial statements - Refer Note 32A(a) to the standalone Ind AS 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 18(b) to the standalone Ind AS 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. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported by us. Refer note 13(c) of the standalone Ind AS financial statements.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 18, 2018

Annexure 1 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) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets 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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2018 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(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 Companies Act, 2013, related to the manufacture of chemicals, 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 generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Forum where the dispute is pending	Forum where the dispute is pending	Disputed dues, not deposited* (Rs. in crores)
Central Excise Act, 1944	Excise Duty	Supreme Court	1997 - 98	- [net of deposit Rs 5.31]
		Appellate Tribunal	2000-01 to 2015-16	1,360.31 [net of deposit Rs 20.34]
Income Tax Act, 1961	Income Tax	Appellate Tribunal	AY 2003-04 to 2009-10	25.71
		Appellate Authority upto Commissioner Level	AY 2014-15	0.13
Central Sales Tax and Local Sales tax	Sales Tax and Value Added Tax	High Court	2000-01, 2001-02, 2010-11, 2012-13 to 2014-15	43.58 [net of deposit Rs 0.24]
		Appellate Tribunal	2003-04, 2006-07, 2008-09, 2013-14	0.43
		Appellate Authority upto Commissioner Level	2004-05, 2006-07 to 2014-15	17.51 [net of deposit Rs 0.56]
Finance Act, 1994	Service Tax	Appellate Tribunal	2012-13 to 2015-16	2.62 [net of deposit Rs 0.20]
Customs Act, 1962	Custom duty	Supreme Court	2005-06	- [net of deposit Rs 0.56]
		Appellate Tribunal	2005-06	0.56 [net of deposit Rs 0.02]

*net of deposits paid under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank. The Company has no loan/ dues towards any financial institution, debenture holders or from the government.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting under clause 3(xiv) is not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 18, 2018

Annexure 2 referred to in paragraph 2(g) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

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 over financial reporting of Thermax Limited ("the Company") as of March 31, 2018 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 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 over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place of Signature: Pune

Date: May 18, 2018

Balance Sheet as at March 31, 2018

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

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	645.54	520.59
Capital work-in-progress	4 (a)	92.33	126.28
Intangible assets	4 (b)	25.94	34.04
Intangible assets under development	4 (b)	-	2.83
Investments in subsidiaries and joint ventures	5	554.87	557.70
Financial assets:			
(a) Investments	6 (a)	84.42	82.03
(b) Trade receivables	7 (a)	56.03	78.26
(c) Loans	8 (a)	13.59	11.72
(d) Other financial assets	9 (a)	0.12	0.23
Deferred tax assets (net)	10	104.17	103.73
Income tax assets (net)		35.35	27.47
Other non-current assets	11 (a)	191.34	190.49
Total non-current assets		**1,803.70**	**1,735.37**
II. Current assets			
Inventories	12	298.30	228.65
Financial assets:			
(a) Investments	6 (b)	1,156.51	764.73
(b) Trade receivables	7 (b)	1,139.30	955.37
(c) Cash and cash equivalents	13 (a)	118.53	68.20
(d) Bank balances other than (c) above	13 (b)	0.82	2.73
(e) Loans	8 (b)	5.29	39.03
(f) Other financial assets	9 (b)	517.72	563.42
Income tax assets (net)		18.58	18.51
Other current assets	11 (b)	316.38	219.59
Total current assets		**3,571.43**	**2,860.23**
Total assets		**5,375.13**	**4,595.60**
Equity and liabilities			
III. Equity			
Equity share capital	14	23.83	23.83
Other equity	15	2,541.73	2,385.93
Total equity		**2,565.56**	**2,409.76**
IV. Non-current liabilities			
Financial liabilities:			
(a) Trade payables	16 (a)	24.30	34.10
(b) Other financial liabilities	17 (a)	1.42	1.47
Provisions	18 (a)	9.84	9.74
Other non-current liabilities	19 (a)	34.70	23.90
Total non-current liabilities		**70.26**	**69.21**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	20	116.49	66.22
(b) Trade payables	16 (b)	943.12	924.51
(c) Other financial liabilities	17 (b)	118.28	95.06
Other current liabilities	19 (b)	1,402.32	886.04
Provisions	18 (b)	148.19	130.21
Income tax liabilities (net)		10.91	14.59
Total current liabilities		**2,739.31**	**2,116.63**
Total equity and liabilities		**5,375.13**	**4,595.60**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of these financial statements.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May, 18 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Statement of profit and loss for the year ended March 31, 2018

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

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue from operations	21 (a)	3,888.63	3,870.29
Other income	22	103.98	102.65
Total Income (I)		**3,992.61**	**3,972.94**
Expenses			
Cost of raw materials and components consumed	23	2,095.83	1,983.06
Purchase of traded goods		68.02	71.05
(Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods	24	(21.59)	6.20
Excise duty on sale of goods		20.76	106.64
Employee benefits expense	25	459.12	458.92
Finance cost	26	8.04	3.59
Depreciation and amortisation expense	27	64.20	65.43
Other expenses	28 (a)	895.12	870.63
Total expenses (II)		**3,589.50**	**3,565.52**
Profit before exceptional items and tax (III) = (I-II)		**403.11**	**407.42**
Exceptional items (IV)	5	(25.00)	(132.84)
Profit before Tax (V) = (III - IV)		**378.11**	**274.58**
Tax expense	10		
Current tax		140.58	132.89
Deferred tax		(0.72)	(3.14)
Total tax expense		**139.86**	**129.75**
Profit for the year		**238.25**	**144.83**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	30		
Net gain on cash flow hedge		0.88	22.12
Less: Income tax effect		(0.31)	(7.66)
		0.57	14.46
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain/ (loss) of defined benefit plan		4.64	(8.63)
Less: Income tax effect		(1.62)	2.99
		3.02	(5.64)
Net other comprehensive income for the year (net of tax)		**3.59**	**8.82**
Total comprehensive income for the year		**241.84**	**153.65**
Earning per equity share [Nominal value per share Rs. 2/- each (March 31, 2017: 2/-)]			
Basic and Diluted	29	**19.99**	**12.15**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of these financial statements.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May, 18 2018

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Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Statement of Changes in Equity for the year March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

A Equity Share Capital

Particulars	Note No	March 31, 2018	March 31, 2017
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						Items of OCI	Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium account	Total	Cash flow hedge reserve	
As at April 1, 2016	**429.14**	**1.92**	**50.34**	**1766.91**	**61.13**	**2,309.44**	**8.88**	**2,318.32**
Profit for the year	-	-	-	144.83	-	**144.83**	**-**	144.83
Other Comprehensive Income (net)	-	-	-	(5.64)	-	**(5.64)**	**14.46**	8.82
Total comprehensive income	**-**	**-**	**-**	**139.19**	**-**	**139.19**	**14.46**	**153.65**
Dividends paid	-	-	-	**(71.49)**	-	**(71.49)**	**-**	**(71.49)**
Dividend distribution tax paid	-	-	-	(14.55)	-	**(14.55)**	**-**	(14.55)
As at March 31, 2017	**429.14**	**1.92**	**50.34**	**1820.06**	**61.13**	**2,362.59**	**23.34**	**2,385.93**
Profit for the year	-	-	-	238.25	-	**238.25**	**-**	238.25
Other Comprehensive Income (net)	-	-	-	3.02	-	**3.02**	**0.57**	3.59
Total comprehensive income	**-**	**-**	**-**	**241.27**	**-**	**241.27**	**0.57**	**241.84**
Dividends paid	-	-	-	(71.49)	-	**(71.49)**	**-**	(71.49)
Dividend distribution tax paid	-	-	-	(14.55)	-	**(14.55)**	**-**	(14.55)
As at March 31, 2018	**429.14**	**1.92**	**50.34**	**1975.29**	**61.13**	**2,517.82**	**23.91**	**2,541.73**

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

per Tridevlal Khandelwal
Partner
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Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Cash flow statement for the year ended March 31, 2018

(All amounts are in Rupees Crores, except stated otherwise)

		Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
A)	**Cash flows from operating activities**			
	Profit before tax (after exceptional item)		378.11	274.58
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on Property, plant and equipment	27	51.96	48.20
	Amortization on intangible assets	27	12.24	17.23
	Provision for impairment allowance of financial assets (net)	28 (a)	(9.64)	46.43
	Provision for impairment of investment in subsidiaries and joint ventures	5	25.00	132.84
	Interest expense	26	2.38	0.92
	Unrealized foreign exchange loss/ (gain)		(1.81)	9.31
	Bad debts/ advances written off	28 (a)	27.59	16.13
	Unwinding of discount	26	5.66	2.67
	Interest and dividend income	22	(3.57)	(23.71)
	Liabilities no longer required written back	22	(11.22)	(21.52)
	Loss on sale/ discard of assets (net)	28 (a)	0.53	0.82
	Fair value gain on financial instrument at fair value through profit and loss (net)	22	(68.85)	(41.49)
	Working capital adjustments			
	(Increase) / Decrease in trade receivables		(175.08)	172.39
	(Increase) in inventories		(69.65)	(3.88)
	Decrease / (Increase) in other financial assets		48.27	(46.14)
	(Increase) in other assets		(92.83)	(96.19)
	Increase in trade payables		17.10	125.44
	Increase / (Decrease) in other liabilities		527.08	(176.33)
	Increase in provisions		12.42	14.87
	(Decrease) / Increase in other financial liabilities		(14.77)	27.52
	Cash generated from operations		**660.92**	**480.08**
	Direct taxes paid (net of refunds received)		(153.86)	(133.96)
	Net cash flow from operating activities		**507.06**	**346.12**
B)	**Cash flows (used in) investing activities**			
	Purchase of tangible and intangible assets		(144.80)	(107.49)
	Investment in subsidiaries and joint ventures		(22.17)	(221.54)
	Loan repayment from / (given to) subsidiaries		29.50	(17.00)
	Proceeds from maturity of fixed deposits		1.95	108.84
	(Purchase) / sale of other investments		(325.32)	62.49
	Interest and dividend received		4.36	23.71
	Net cash flows (used in) investing activities		**(456.48)**	**(150.99)**
C)	**Cash flows (used in) financing activities**			
	Proceeds / (repayment) from borrowings (net)		50.27	(25.08)
	Interest paid		(2.38)	(3.59)
	Dividend paid and tax thereon		(86.04)	(86.09)
	Net cash flows (used in) financing activities		**(38.15)**	**(114.76)**

Cash flow statement for the year ended March 31, 2018

(All amounts are in Rupees Crores, except stated otherwise)

	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Net increase in cash and cash equivalents		**12.43**	**80.37**
Cash and cash equivalents at the beginning of the year		68.20	(12.17)
Cash and cash equivalents at the end of the year		**80.63**	**68.20**

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

	Note No.	March 31, 2018	March 31, 2017
Cash and cash equivalents	13 (a)	118.53	68.20
Book overdraft	17 (b)	(37.90)	-
Balances as per Cash flow statement		**80.63**	**68.20**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May, 18 2018

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

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Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Notes to the separate financial statements for the year ended March 31, 2018

(All amounts are in Rupees Crores, 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 this separate financial statements on May 18, 2018. The CIN of the Company is L29299PN1980PLC022787.

2. Significant accounting policies

2.1. Basis of preparation, measurement

(a) Basis of preparation

These separate 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).

The preparation of the separate financial statements requires the use of certain critical accounting estimates and judgments. 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 separate financial statements are disclosed in note 3.

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

(b) Basis of measurement

The separate 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.

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2. Summary of significant accounting policies

a. 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 Companies Act, 2013('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.

b. Foreign currencies

The Company's separate 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.

c. Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the separate 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

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Notes to the separate financial statements for the year ended March 31, 2018

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

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 valuation methods, significant estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 36)
- Financial instruments (including those carried at amortized cost) (note 36)

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.

d. Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures 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.

e. 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. All significant costs relating to the acquisition and installation of property plant and equipment 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 period 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 components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Leasehold land is amortized on a straight-line basis over the agreed period of lease ranging up to 99 years.

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:

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

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28	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.

f. 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 amortisation 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation 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.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Notes to the separate financial statements for the year ended March 31, 2018

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

- 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 amortisation and accumulated impairment losses. Amortisation 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. Amortisation 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 amortisation 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

g. 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.

h. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. 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 specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. 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. The Company provides for warranty provision for general repairs up to 18 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 supply of spare parts are recognized when significant risks and rewards have passed to the buyer which is generally on delivery of these spare parts.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on straight-line basis as the related services are performed over a specified period of time. The Company collects taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Contract revenue

A construction contract is defined as a contract 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. Revenue for such contracts is recognized on the basis of percentage of completion method if the outcome of the contract can be estimated reliably and it is probable that the contract will be profitable. The revenue for the period is the excess of revenues measured according to the percentage of completion over the revenue recognized in prior periods. When a group of contracts are secured together, the Company follows a policy to determine the stage of completion for such combined contracts together. The revenues and profits earned are recognized uniformly over the performance of such contracts.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately irrespective of the stage of the completion of the contract. Determination of revenues under this method necessarily involves making complex assumptions and estimates by the management (some of which are of a technical nature) of the costs of completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any), contract risks including political and regulatory risks, foreseeable losses to complete the contract and other judgments. Any changes in estimates may lead to an increase or decrease in revenue.

Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

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 also 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.

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case. Penalties for any delay or

Notes to the separate financial statements for the year ended March 31, 2018

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

improper execution of a contract are recognised as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured. Claims are included when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim. The Company applies requirements regarding contract variations to contract terminations, since contract terminations are also changes to agreed delivery and service scope.

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.

Dividend

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

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.

i. 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:

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 FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

iii. 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.

iv. 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 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

Notes to the separate financial statements for the year ended March 31, 2018

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

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 ECL.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the 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 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 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.

j. **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 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 finance costs.

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

Notes to the separate financial statements for the year ended March 31, 2018

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

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.

k. 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.

l. 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.

m. 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.

n. Income tax

Current income-tax

Current income 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 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.

o. 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.

p. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

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.

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

q. 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 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 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.

r. 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 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.

s. Retirement and other employee benefits

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

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

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

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

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

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

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t. 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 executive decision maker of the Company.

u. Contingent liability

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.

v. 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).

w. 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 Company's separate 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 separate financial statements:

i. Revenue recognition on construction contracts

A significant portion of the Company's business relates to construction activity which is accounted using percentage-of-completion method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts which need to be accounted under percentage-of-completion method, depending upon the level of customization and the period of the fulfilment of the performance obligations under the contract. The percentage-of-completion method requires Management to make significant estimates 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 separate 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 separate 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.

i. Constructions contracts:

- Provisions for liquidated damages claims (LDs): the Company provides for LD claims where there have been significant contract delays and it is considered probable that the customer will successfully pursue such a claim. 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 and 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

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- Provision for onerous contracts: the Company provides for future losses on long-term contracts where it is considered 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 18(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 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 (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 33.

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 judgment 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 36 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 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 receivables. The Company follows provisioning norms based on ageing of receivables to estimate the ECL provision. 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(e) and 2(f) above for further details.

viii. Intangible asset under development

The Company capitalises intangible asset under development in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalised intangible asset under development includes significant investment in the development of power plants using alternative energy solutions. The innovative nature of the product gives rise to some uncertainty as to performance parameters stated in the contract would be satisfied. Refer note 4(b) for details of intangible asset under development.

ix. 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	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicle	Total	Capital work in progress
Gross carrying amount as at April 1, 2016 *	7.36	35.22	308.69	476.80	29.41	51.52	35.31	14.09	958.40	26.71
Additions	-	-	0.92	3.44	1.41	0.82	0.72	0.78	8.09	107.66
Disposals/ Transfers/ Adjustment	-	-	-	(0.56)	(0.09)	(0.99)	(0.10)	(4.10)	(5.84)	(8.09)
Gross carrying amount as at March 31, 2017	**7.36**	**35.22**	**309.61**	**479.68**	**30.73**	**51.35**	**35.93**	**10.77**	**960.65**	**126.28**
Additions	-	0.04	84.52	84.87	1.59	2.60	1.13	3.21	177.96	144.01
Disposals/ Transfers/ Adjustment	-	1.33	-	(1.87)	(0.18)	(7.43)	(2.48)	(2.40)	(13.03)	(177.96)
Gross carrying amount as at March 31, 2018	**7.36**	**36.59**	**394.13**	**562.68**	**32.14**	**46.52**	**34.58**	**11.58**	**1,125.58**	**92.33**
Accumulated depreciation as at April 1, 2016 *	-	**1.61**	**60.43**	**255.53**	**11.32**	**41.34**	**17.65**	**8.83**	**396.71**	-
Charge for the year	-	0.59	9.49	28.67	1.88	3.90	2.12	1.55	48.20	-
Disposals/ Transfers/ Adjustment	-	-	-	(0.47)	(0.04)	(0.94)	(0.01)	(3.39)	(4.85)	-
Accumulated depreciation as at March 31, 2017	-	**2.20**	**69.92**	**283.73**	**13.16**	**44.30**	**19.76**	**6.99**	**440.06**	-
Charge for the year	-	0.54	10.86	30.73	2.51	3.61	2.35	1.36	51.96	-
Disposals/ Transfers/ Adjustment	-	0.81	-	(1.51)	(0.10)	(7.16)	(1.93)	(2.09)	(11.98)	-
Accumulated depreciation as at March 31, 2018	-	**3.55**	**80.78**	**312.95**	**15.57**	**40.75**	**20.18**	**6.26**	**480.04**	-
Net Block as at March 31, 2018	**7.36**	**33.04**	**313.35**	**249.73**	**16.57**	**5.77**	**14.40**	**5.32**	**645.54**	**92.33**
Net Block as at March 31, 2017	**7.36**	**33.02**	**239.69**	**195.95**	**17.57**	**7.05**	**16.17**	**3.78**	**520.59**	**126.28**

Capital work in progress majorly includes expenditure towards construction of new manufacturing facility at Sri City, Andhra Pradesh and office buildings at Chennai and Hyderabad.
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 B (c) ii).

4 (b) Intangible assets

Particulars	Computer Software	Technical know-how	Total	Intangible assets under development
Gross carrying amount as at April 1, 2016*	46.73	53.49	100.22	32.21
Additions	5.52	23.85	29.37	11.58
Disposals/ Transfers/ Adjustment	-	-	-	(40.96)
Gross carrying amount as at March 31, 2017	**52.25**	**77.34**	**129.59**	**2.83**
Additions	2.64	1.52	4.16	1.33
Disposals/ Transfers/ Adjustment	(0.14)	-	(0.14)	(4.16)
Gross carrying amount as at March 31, 2018	**54.75**	**78.86**	**133.61**	**-**
Accumulated amortisation as at April 1, 2016*	41.23	37.10	78.33	-
Charge for the year	3.79	13.44	17.23	-
Disposals/ Transfers/ Adjustment	(0.01)	-	(0.01)	-
Accumulated amortisation as at March 31, 2017	**45.01**	**50.54**	**95.55**	-
Charge for the year	3.28	8.96	12.24	-
Disposals/ Transfers/ Adjustment	(0.12)	-	(0.12)	-
Accumulated amortisation as at March 31, 2018	**48.17**	**59.50**	**107.67**	**-**
Net Block as at March 31, 2018	**6.58**	**19.36**	**25.94**	**-**
Net Block as at March 31, 2017	**7.24**	**26.80**	**34.04**	**2.83**

Pursuant to an assessment of intangible assets under development, the Company has written off assets under development amounting to Rs Nil (March 31, 2017 Rs 11.59) to the Statement of profit and loss (over various heads).
*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 (i.e. April 1, 2015). The Company has disclosed the gross cost and accumulated depreciation / amortisation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation / amortisation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of Rs. 429.75 (representing accumulated depreciation / amortisation as at April 01, 2015) to compute the cost and accumulated depreciation / amortisation as per IND AS. Such adjustment will have no impact on the net cost as at March 31, 2018 and March 31, 2017.

Notes to the separate financial statements for the year ended March 31, 2018

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

5 Investments in subsidiaries and joint ventures

Particulars	Face value per share	Number of shares		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
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	4.59
Thermax Onsite Energy Solutions Limited	Rs. 10	18,650,000	18,650,000	18.65	18.65
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 (Zhejiang) Cooling and Heating Engineering Co Ltd.	USD 1	13,470,000	13,470,000	33.17	33.17
Thermax Netherlands B.V.	Eur 1	22,500,000	20,500,000	148.69	134.82
Rifox-Hans Richter GmbH Spezialarmaturen	Eur 1	716,469	716,469	12.04	12.04
Thermax SDN. BHD	RM 1	500,002	500,002	0.87	0.87
Thermax Engineering Singapore Pte. Ltd.	USD 1	17,800,000	16,800,000	116.36	109.90
First Energy Private Limited	Rs. 10	10,234,437	7,361,389	20.94	20.57
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	-	-
Equity shares in Joint Venture Companies (Unquoted)					
Thermax SPX Energy Technologies Limited	Rs. 10	10,200,000	10,200,000	10.20	10.20
Thermax Babcock & Wilcox Energy Solutions Private Limited	Rs. 10	427,191,300	427,191,300	323.97	323.97
Investments in preference shares :					
Investments valued at cost					
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				**712.71**	**690.54**
Less: Impairment in value of investments ^				(157.84)	(132.84)
Investments in subsidiaries and joint ventures				**554.87**	**557.70**
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				712.71	690.54
Aggregate amount of impairment in the value of investments				(157.84)	(132.84)

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

^ Impairment of Investments in Subsidiaries and Joint ventures

The Management has assessed the recoverability of its investment in Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd., a subsidiary in China and Thermax SPX Energy Technologies Limited, India, a joint venture, following continued losses on account of low demand resulting in lower capacity utilization and intense competition. Consequently, the investments has been impaired by Rs. 20 and Rs. 5 respectively and the related charge has been disclosed as an exceptional item in the statement of profit and loss.

The significant judgements used by an independent valuer in the valuation of the entity mainly include the government published land rates for industrial property in the vicinity of the property under valuation, estimated remaining useful life, cost of construction for similar buildings and replacement cost of the buildings, and price trends in the cost of plant and machinery.

Total impairment of investments on subsidiaries and joint venture presented as a exceptional item in Statement of profit and loss as on March 31, 2017 amounts to Rs. 132.84 pertaining to Thermax Babcock & Wilcox Energy Solutions Private Limited, a Joint venture Rs. 111.84, First Energy Private Limited, a subsidiary Rs. 16 and Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd., a subsidiary in China Rs. 5.

Notes to the separate financial statements for the year ended March 31, 2018

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

6 (a) Non-current investments

Particulars	Face value per share	Number of shares / units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments in equity shares:					
Investments at Fair value through Profit and Loss					
Quoted equity shares (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	**	**
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.29	0.40
Quoted equity shares (partly paid up)					
Parasrampuria Synthetics Limited (paid up Rs. 2.50 per share)	Rs. 10	125,000	125,000	**	**
Unquoted equity shares (fully paid up)					
Cosmos Co-operative Bank Limited	Rs. 20	1,375	1,375	**	**
GSL (India) Limited	Rs. 10	17,539	17,539	**	**
Sicom Limited #	Rs. 10	10,000	10,000	-	-
Total Investment in equity shares				**0.29**	**0.40**
Investment in preference shares					
Investments at Fair value through Profit and Loss					
Unquoted Preference Shares (fully paid up, redeemable)					
Thermax Sustainable Energy Solutions Limited (6%, Cumulative) #	Rs. 10	4,000,000	4,000,000	-	-
Thermax Instrumentation Limited (1%, Non cumulative)	Rs. 10	10,000,000	10,000,000	7.74	9.02
First Energy Private Limited (8%, Redeemable)	Rs. 10	11,999,999	6,000,000	10.94	5.15
Indian Food Fermentation Limited (18%, cumulative)	Rs. 10	21,800	21,800	-	0.02
Total investment in preference shares				**18.68**	**14.19**
Investments in mutual funds					
Investments at Fair value through Profit and Loss					
Unquoted					
ABSL Fixed Term Plan Series OY	Rs. 10	20,000,000	-	20.36	-
ABSL Fixed Term Plan Series MY (1107 days)	Rs. 10	-	25,000,000	-	28.27
HDFC FMP 1167D January 2016 (1)	Rs. 10	25,000,000	25,000,000	29.84	27.88
SBI Debt Fund Series C – 7 (1190 Days)	Rs. 10	15,000,000	-	15.25	-
SBI Debt Fund Series B – 26 (1100 Days)	Rs. 10	-	10,000,000	-	11.29
Total investments in Mutual Funds				**65.45**	**67.44**
Total Non-Current Investments				**84.42**	**82.03**
Aggregate amount of quoted investments				0.29	0.40
Aggregate amount of unquoted investments				84.13	81.63
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.

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

6 (b) Current Investments

Particulars	Face value per share	Number of units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (unquoted)					
ABSL Fixed Term Plan Series MY (1107 days) - Direct	Rs. 10	25,000,000	-	30.30	-
ABSL Floating Rate Fund-Short Term Plan - Growth (Regular Plan)	Rs. 100	4,866,314	4,866,314	112.45	105.24
DSP Blackrock Banking and PSU Debt Fund - Direct	Rs. 10	-	3,589,066	-	5.03
DSP Blackrock Low Duration Fund - Growth (Regular Plan)	Rs. 1,000	44,070,717	44,070,717	55.57	52.10
DSP Blackrock Strategic Bond Fund - Growth (Regular Plan)	Rs. 1,000	190,392	265,414	38.45	52.02
HDFC Arbitrage Fund-Wholesale Plan - Growth (Regular Plan)	Rs. 10	12,398,949	-	25.77	-
HDFC Gilt Fund Long Term - Growth (Regular Plan)	Rs. 10	3,967,490	8,290,087	13.90	27.97
HDFC Income Fund - Growth (Regular Plan)	Rs. 10	3,610,670	6,230,973	13.83	23.23
HDFC Liquid Fund - Growth (Regular Plan)	Rs. 10	-	328	-	0.10
ICICI Prudential Equity Arbitrage Fund - Growth	Rs. 10	11,225,411	-	25.82	-
ICICI Prudential Money Market Fund - Growth	Rs. 100	4,673,316	4,673,316	111.94	104.88
IDFC Cash Fund - Growth (Regular Plan)	Rs. 1,000	190	7,658	0.04	1.51
IDFC Cash Fund - Direct	Rs. 1,000	963,103	26,695	203.23	5.27
Kotak Banking and PSU Debt Fund -Direct	Rs. 10	5,773,522	5,773,522	22.97	21.48
Kotak Bond Short Term Fund - Growth (Regular Plan)	Rs. 10	11,104,474	8,784,320	36.02	27.00
Kotak Equity Arbitrage Fund -Direct	Rs. 10	15,946,102	-	40.69	-
Kotak Equity Arbitrage Fund - Growth (Regular Plan)	Rs. 10	10,404,615	-	25.87	-
Kotak Flexi Debt Scheme - Direct	Rs. 10	-	11,640,861	-	25.09
Kotak Liquid Fund - Direct	Rs. 1,000	58,722	196,958	20.68	64.96
Reliance Liquidity Fund- Direct	Rs. 1,000	23,805	23,805	6.23	5.84
SBI Debt Fund Series B – 26 (1100 Days) - Direct	Rs. 10	10,000,000	-	12.09	-
SBI Magnum Insta Cash Fund - Direct	Rs. 1,000	28,616	-	11.00	-
SBI Premier Liquid - Direct	Rs. 1,000	-	1,907	-	0.49
SBI Premier Liquid Fund - Direct	Rs. 1,000	137	170	0.04	0.04
Tata Liquid Fund - Growth (Regular Plan)	Rs. 1,000	-	21,097	-	6.31
Tata Money Market Fund - Growth (Regular Plan)	Rs. 1,000	113	354,836	0.03	90.63
Tata Money Market Fund - Direct	Rs. 1,000	771,434	156,682	211.25	40.16
UTI Liquid Fund - Growth	Rs. 1,000	396,606	396,606	112.51	105.38
UTI-Spread Fund- Growth	Rs. 10	11,032,511	-	25.84	-
Total Current Investments				**1,156.51**	**764.73**
Aggregate amount of quoted investments and market value thereof				-	-
Aggregate amount of unquoted investments				1,156.51	764.73
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 the separate financial statements for the year ended March 31, 2018

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

7 Trade receivables

(a) Non-current trade receivables

	As at March 31, 2018	As at March 31, 2017
Trade receivables from:		
i) Related parties (note 34)	-	-
ii) Others	56.03	78.26
Total receivables	**56.03**	**78.26**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	79.10	104.77
Doubtful	-	-
	79.10	**104.77**
Less: Impairment allowance	(23.07)	(26.51)
Total	**56.03**	**78.26**

(b) Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables from:		
i) Related parties (note 34)	37.13	24.39
ii) Others	1,102.17	930.98
Total receivables	**1,139.30**	**955.37**
Break-up for security details		
Secured, considered good	178.77	97.96
Unsecured, considered good	1,099.49	981.68
Doubtful	234.98	256.99
	1,513.24	**1,336.63**
Less: Impairment allowance	(373.94)	(381.26)
Total	**1,139.30**	**955.37**

No trade or other receivable 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.

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

8 **Loans**

(a) **Non-current loans**

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
At amortized cost		
Security deposits* (note 34)	13.59	11.72
Total	**13.59**	**11.72**

* Includes lease deposits given to directors of Rs. 0.53 (March 31, 2017 Rs. 0.53). The maximum amount due from directors during the year amounted to Rs. 0.53 (March 31, 2017 Rs. 0.53). This also includes deposits given to various other parties for rent, utilities etc.

(b) **Current loans**

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
At amortized cost		
Loans to employees	1.43	1.94
Loans to related parties (note 34)	1.50	31.00
Security deposits	2.36	6.09
Total	**5.29**	**39.03**

Loans are various kinds of non-derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counter parties. The tenure of such loans range between 6 to 12 months.

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 loan given to related parties, refer note 34.

9 **Other financial assets**

(a) **Other non current financial assets**

	As at March 31, 2018	As at March 31, 2017
Bank deposits with maturity of more than 12 months	0.12	0.23
Total	**0.12**	**0.23**

Above bank deposits are pledged as margin money.

Notes to the separate financial statements for the year ended March 31, 2018

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

(b) Other current financial assets

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.69	59.72
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	1.58	2.52
At amortized cost		
Export incentive receivable	51.59	33.12
Interest accrued on fixed deposits and others	0.01	0.80
Unbilled revenue (note 21 (b))	461.85	467.26
Total	**517.72**	**563.42**

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. 12.16 (March 31, 2017: Rs. 11.04) for contract assets.

10 Income taxes

The major components of income tax expense for the year ended are:

Statement of profit and loss

Particulars	March 31, 2018	March 31, 2017
Current income tax charge		
Current income tax	140.58	132.89
Adjustments in respect of current income tax of previous year	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	(0.72)	(3.14)
Income tax expense reported in the Statement of profit and loss	**139.86**	**129.75**

Notes to the separate financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Other comprehensive income

Particulars	March 31, 2018	March 31, 2017
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	0.31	7.66
Net gain or loss on remeasurements of defined benefit plans	1.62	(2.99)
Deferred tax charged in other comprehensive income	**1.93**	**4.67**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Particulars	March 31, 2018	March 31, 2017
Accounting profit before tax (before exceptional items)	403.11	407.42
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	139.51	141.00
- Dividend income	-	(4.11)
- Fair value gain on FVTPL investments	(1.87)	(2.03)
Weighted deduction on research and development expenses	(1.99)	(4.17)
Others	4.21	(0.94)
Effective tax	139.86	129.75
Income tax expense reported in the Statement of profit and loss	**139.86**	**129.75**

Deferred tax

Statement of profit and loss

Particulars	March 31, 2018	March 31, 2017
Deferred tax relates to the following :		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	1.95	(0.78)
Employee benefit obligations	(0.03)	(7.66)
Provision for doubtful debts and liquidated damages	(2.10)	(5.25)
Fair value gains on investment classified as fair value through profit and loss	14.94	11.17
Temporary differences in accounting treatment as required by Income tax standards	(14.19)	(5.56)
Items allowed on payment basis / temporary disallowances	(0.42)	(0.62)
Others	(0.87)	5.56
Deferred tax expense/ (income) in the Statement of profit and loss	**(0.72)**	**(3.14)**

Notes to the separate financial statements for the year ended March 31, 2018

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

Balance sheet

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax relates to the following :		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	(59.89)	(57.94)
Revaluation of cash flow hedges	(12.66)	(12.35)
Employee benefit obligations	13.88	15.47
Provision for doubtful debts and liquidated damages	158.75	156.65
Items allowed on payment basis / temporary disallowances	6.69	6.27
Fair value gains on investment classified as fair value through profit and loss	(25.31)	(10.37)
Temporary differences in accounting treatment as required by Income tax standards	19.75	5.56
Others *	2.96	0.44
Net deferred tax assets	**104.17**	**103.73**

* This includes impact on account of temporary differences on accretion of interest on investments.

Reconciliation of deferred tax assets (net)

	March 31, 2018	March 31, 2017
Opening balance as at April 1	**103.73**	**105.26**
Tax income during the period recognised in profit or loss	0.72	3.14
Tax expense during the period recognised in other comprehensive income	(1.93)	(4.67)
Tax on fair value adjustment of preference share investments	1.65	-
Closing balance as at March 31	**104.17**	**103.73**

The Company has tax losses which arose in India of Rs. 6.95 (March 31, 2017: Rs. 9.14) that are available for offsetting for eight years against future taxable profits. The losses will expire over the next 5 financial years till March 2023.

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 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. 1.62 (March 31, 2017: Rs. 2.50).

During the year, the Company has paid dividends to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

11 Other assets

(a) Other non-current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advance to suppliers	0.12	6.48
Advance to employees	3.56	3.27
Capital advance	13.22	9.59
Balances with government authorities	133.75	129.54
Prepayments	40.69	41.61
Total	**191.34**	**190.49**

(b) Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advance to suppliers	98.52	69.31
Advance to employees	11.57	3.43
Advance to related parties (note 34)	1.75	3.44
Prepayments	6.53	4.96
Balances with government authorities	172.15	124.70
Prepaid employee benefits (note 33)	9.75	5.22
Others*	16.11	8.53
Total	**316.38**	**219.59**

* Others includes GST paid on customer advances, interest on tax refunds, other recovery of 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.

Notes to the separate financial statements for the year ended March 31, 2018

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

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

	As at March 31, 2018	As at March 31, 2017
Raw materials, components and bought-outs**	193.79	150.69
Work-in-progress	64.60	45.84
Finished goods	22.45	19.04
Stores and spares	7.50	2.54
Traded goods	9.96	10.54
Total	**298.30**	**228.65**

**includes goods in transit Rs. 9.85 (March 31, 2017 Rs. 17.93)

For the year ended March 31, 2018 Rs. 2.51 (March 31, 2017 Rs. 1.65) was recognised (net of reversals) / (reversed) 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, 2018	As at March 31, 2017
Balances with banks		
- in current accounts	66.17	61.29
- in deposits with original maturity of less than three months	50.25	0.25
Cheques, drafts on hand	1.94	6.51
Cash on hand	0.17	0.15
Total	**118.53**	**68.20**

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 prior periods.

13 (b) Other bank balances

	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than 3 months but less than 12 months	0.01	1.96
Unpaid dividend account (restricted)	0.81	0.77
Total	**0.82**	**2.73**

Notes to the separate financial statements for the year ended March 31, 2018

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

13 (c) Details of Specified Bank Notes held and transacted during the period November 8, 2016 to December 30, 2016

The Company had Specified Bank Notes (SBNs) and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Details of SBNs and other denomination notes held and transacted during the period from November 8, 2016 to December 30, 2016 are given below:

	SBNs(a)	Other denomination notes (b)	Total (a + b)
Closing cash in hand as on November 8, 2016	0.12	0.04	**0.16**
Add: Permitted receipts	-	0.39	**0.39**
Less: Permitted payments	-	0.31	**0.31**
Less: Amounts deposited in Banks	0.12	-	**0.12**
Closing cash in hand as on December 30, 2016	**-**	**0.12**	**0.12**

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning as provided in the Notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016. This disclosure is not applicable for year ended March 31, 2018.

13 (d) Changes in liabilities arising from financing activities

Particulars	Borrowings	Unpaid dividend
As on April 1, 2017	66.22	0.77
Cash flow	50.27	-
Changes in fair values	-	-
Other	-	0.04
As on March 31, 2018	**116.49**	**0.81**

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

14 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
37,50,00,000 (March 31, 2017: 37,50,00,000) equity shares of Rs. 2/- each	75.00	75.00
	75.00	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
11,91,56,300 (March 31, 2017: 11,91,56,300) equity shares of Rs. 2/- each	23.83	23.83
Total issued, subscribed and fully paid-up share capital	**23.83**	**23.83**

Notes to the separate financial statements for the year ended March 31, 2018

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

(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, 2016	119,156,300	23.83
Changes during the year	-	-
As at March 31, 2017	119,156,300	23.83
Changes during the year	-	-
As at March 31, 2018	**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, 2018	As at March 31, 2017
RDA Holding and Trading Private Limited, India	12.87	12.87
6,43,28,500 (March 31, 2017: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

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

	As at March 31, 2018	As at March 31, 2017
RDA Holding and Trading 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

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) The Company has several trusts set up for welfare of employees (including ESOP trust). Such trusts together hold 65,41,440 (March 31, 2017: 65,41,440) equity shares representing 5.49% (March 31, 2017: 5.49%) of equity share in the Company.

Notes to the separate financial statements for the year ended March 31, 2018

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

15 (a) Other equity

	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
Capital redemption reserve	50.34	50.34
Securities premium account	61.13	61.13
Capital reserve	1.92	1.92
General reserve	429.14	429.14
Retained earnings		
Opening balance	1,820.06	1,766.91
Add: Profit for the year	238.25	144.83
Less: Dividends paid	(71.49)	(71.49)
Less: Tax on dividend	(14.55)	(14.55)
Movement during the year	152.21	58.79
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain / (loss) on defined benefit plans, net of tax Rs. 1.62 (March 31, 2017 Rs. 2.99)	3.02	(5.64)
Net surplus in the Statement of profit and loss	**1,975.29**	**1,820.06**
Total Reserves and Surplus	**2,517.82**	**2,362.59**
Other Reserves		
Cash flow hedge reserve		
Opening balance	23.34	8.88
Add: Movement during the year (net)	0.88	22.12
Less: Tax on Movement during the year	(0.31)	(7.66)
Closing balance	**23.91**	**23.34**
Total	**2,541.73**	**2,385.93**

Capital redemption reserve

Pertains to reserve created towards redemption of preference shares and can be utilised in accordance with the provisions of the Act.

Securities premium reserve

Securities premium reserve can be 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.

Notes to the separate financial statements for the year ended March 31, 2018

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

General reserve

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

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, 2018	March 31, 2017
Cash dividend on equity shares declared and paid:		
Final dividend for the year 2016-17: Rs. 6 per share (2015-16: Rs. 6 per share)	71.49	71.49
Dividend Distribution Tax on the above	14.55	14.55
	86.04	**86.04**

Proposed dividend on equity shares is subject to approval at the annual general meeting and is not recognised as a liability (including Dividend Distribution Tax thereon) as at the reporting date.

Proposed dividend on equity shares:		
Proposed dividend for the year 2017-18: Rs.6 per share (2016-17: Rs. 6 per share)	71.49	71.49
Dividend Distribution Tax on the above	14.69	14.55
Total	**86.18**	**86.04**

16 Trade payables

(a) Non current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables:		
(i) Related Party (note 34)	5.79	-
(ii) Others	18.51	34.10
Total	**24.30**	**34.10**

(b) Current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables		
Total outstanding dues of micro and small enterprises (note 16 (c))	147.88	120.90
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related Party (note 34)	31.32	50.41
(ii) Others	763.92	753.20
Total	**943.12**	**924.51**

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.

(All amounts are in Rupees Crores, 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, 2018	March 31, 2017
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	147.82	120.83
- Interest due thereon	0.06	0.07
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	0.33	0.13
The amount of payment made to the supplier beyond the appointed day during the year	28.67	25.07
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	0.14	0.18
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.20	0.25
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	0.06	0.02

17 Financial liabilities

(a) Other non current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Trade deposits	1.42	1.47
Total	**1.42**	**1.47**

(b) Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.26	21.76
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	1.27	0.54

Notes to the separate financial statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Employee related payables	50.56	54.63
Payables for tangible and intangible assets	22.56	14.58
Book overdraft	37.90	-
Unpaid dividend	0.81	0.77
Other payables *	2.92	2.78
Total	**118.28**	**95.06**

* includes dealer deposits, security deposits, etc.

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

18 Provisions

(a) Non-current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for warranties	3.50	4.09
Provision for decommissioning liability	6.34	5.65
Total	**9.84**	**9.74**

(b) Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for leave encashment	44.67	45.09
	44.67	**45.09**
Other provisions		
Provision for onerous contracts	19.38	5.72
Provision for warranties	84.14	79.40
	103.52	**85.12**
Total	**148.19**	**130.21**

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the property plant and equipment taken on lease by the Company. The Company is committed to decommission the site as a result of the construction of manufacturing facility. 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 upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 8.76 higher or lower (March 31, 2017 Rs. 8.35)

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

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, 2017	5.72	83.49	5.65
Additional provision recognised	17.68	26.54	-
Unused amounts reversed	(0.36)	(24.50)	-
Unwinding of discount	-	4.97	0.69
Utilised during the year	(3.66)	(2.86)	-
As at March 31, 2018	**19.38**	**87.64**	**6.34**
Current	19.38	84.14	-
Non-Current	-	3.50	6.34
Total	**19.38**	**87.64**	**6.34**

19 Other liabilities

(a) Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017
Customer advances	34.70	23.90
Total	**34.70**	**23.90**

(b) Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue (note 21 (b))	234.84	313.90
Customer advances		
(i) Related Parties (note 34)	1.12	4.95
(ii) Others	1,154.26	559.35
Statutory dues and other liabilities*	12.10	7.84
Total	**1,402.32**	**886.04**

* mainly includes tax deducted at source, GST, provident fund, etc.

20 Current borrowings

	As at March 31, 2018	As at March 31, 2017
Secured loans from banks	76.49	66.22
Unsecured loans from banks	40.00	-
Total	**116.49**	**66.22**

Notes to the separate financial statements for the year ended March 31, 2018

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

Secured loans include bills discounted by suppliers amounting to Rs. 76.49 (March 31, 2017: Rs. 65.21) that are repayable within 60 to 120 days of the invoice date.

Secured loans include post-shipment credit of Rs Nil (March 31, 2017: Rs 1.01) and carries an interest rate ranging between 2% to 5% due for repayment on various dates ranging upto 180 days.

These loans are secured by hypothecation of present and future stock of all inventories, stores and spares not related to plant and machinery, book debts and other moveable assets.

Unsecured loans pertains to packing credit of Rs. 40 (March 31, 2017: Rs. Nil) carries an interest rate of 4.5% due for repayment within 280 days from date of disbursement or expected shipment date whichever is earlier.

21 (a) Revenue from operations

	March 31, 2018	March 31, 2017
Sale of products and services		
Sale of products (inclusive of excise duty) #	3,437.30	3,410.97
Sale of services#	367.53	372.69
Other operating revenue		
Export incentives	34.66	37.32
Sale of scrap	12.35	10.59
Commission income	1.97	1.82
Exchange fluctuation gain (net)*	31.99	34.13
Royalty income	2.83	2.77
	83.80	**86.63**
Total	**3,888.63**	**3,870.29**

Sale of goods includes excise duty collected from customers of Rs. 20.76 (March 31, 2017 Rs.106.64). Post applicability of Goods and Service Tax (GST) with effect from July 1, 2017, the revenue from operations are disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2017 to that extent.

Includes revenue from construction contracts of Rs. 2,388.54 (March 31, 2017: Rs. 2,318.18). Refer note 21 (b) for details.

* Includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.30 (March 2017 Rs.1.98)

21 (b) Revenue from construction contracts (disclosure pursuant to Ind AS 11)

	March 31, 2018	March 31, 2017
Contract Revenue recognised during the year	2,388.54	2,318.18
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	9,230.94	13,118.23

	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress	963.81	474.33
Retention money due from customers for contracts in progress	420.72	549.04
Gross amount due from customers (disclosed as unbilled revenue (Refer note 9 (b))	461.85	467.26
Gross amount due to customers (disclosed as unearned revenue (Refer note 19 (b))	234.84	313.90

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

22 Other income

	March 31, 2018	March 31, 2017
Interest income from financial assets carried at amortized cost		
Loan to subsidiary	3.49	4.13
Bank deposits	0.07	7.71
Other interest income	8.42	6.64
Dividend income from investments designated at fair value through profit and loss	0.01	11.87
Fair value gain on financial instrument at fair value through profit and loss (net)	68.85	41.49
Government grants*	-	0.02
Liabilities no longer required written back	11.22	21.52
Miscellaneous income^^	11.92	9.27
Total	**103.98**	**102.65**

*Government grants have been received for the purchase of certain items of property, plant and equipment. These grants are of the nature of grants related to income. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2018 and March 31, 2017.

^^Includes rent income of Rs 2.28 (March 31, 2017: Rs 2.31); refer note 31 B (ii)

23 Cost of raw materials and components consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	150.69	140.73
Add: Purchases	2,142.96	1,993.82
	2,293.65	**2,134.55**
Inventories at the end of the year	(193.79)	(150.69)
	2,099.86	**1,983.86**
Less: capitalised during the year (refer note 28 (e))	(4.03)	(0.80)
Total	**2,095.83**	**1,983.06**

24 (Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	45.84	54.57
Finished goods	19.04	17.65
Traded goods	10.54	9.40
	75.42	**81.62**
Less: inventories at the end of the year		
Work-in-progress	64.60	45.84
Finished goods	22.45	19.04
Traded goods	9.96	10.54
	97.01	**75.42**
Total	**(21.59)**	**6.20**

Notes to the separate financial statements for the year ended March 31, 2018

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

25 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	400.09	402.70
Contribution to provident and other funds	29.96	29.07
Gratuity expense (note 33)	6.60	5.74
Staff welfare expenses	24.49	21.61
	461.14	459.12
Less: capitalised during the year (refer note 28 (e))	(2.02)	(0.20)
Total	**459.12**	**458.92**

26 Finance costs

	March 31, 2018	March 31, 2017
Interest expense	2.38	0.92
Unwinding of discount	5.66	2.67
Total	**8.04**	**3.59**

27 Depreciation and amortisation expense

	March 31, 2018	March 31, 2017
Depreciation of tangible assets (note 4 (a))	51.96	48.20
Amortisation of intangible assets (note 4 (b))	12.24	17.23
Total	**64.20**	**65.43**

28 (a) Other expenses

	March 31, 2018	March 31, 2017
Consumption of stores and spare parts	49.98	39.61
Power and fuel	35.20	28.02
Excise duty on increase in inventory	-	0.17
Freight and forwarding charges (net)	83.26	60.29
Site expenses and contract labour charges	382.79	369.95
Drawing, design and technical service charges	21.26	12.85
Sales commission	26.68	21.65
Advertisement and sales promotion	9.77	10.89
Rent (note 31 B (i))	15.70	17.02
Rates and taxes	14.75	19.83
Insurance	3.04	3.74
Repairs and maintenance:		
Plant and machinery	15.08	12.62
Buildings	6.67	5.54
Others	24.04	18.72
Travelling and conveyance	63.45	58.44
Legal and professional fees (includes payment to auditor; refer note 28 (b))	51.15	43.54
Director sitting fees	0.44	0.44

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

	March 31, 2018	March 31, 2017
Bad debts/ advances written off	27.59	16.13
Provision for impairment allowance of financial assets (net)	(9.64)	46.43
Warranty expenses (net)	18.97	38.78
Loss on sale/ discard of assets (net)	0.53	0.82
CSR expenditure (note 28 (c))	8.65	8.52
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	46.89	38.11
	896.25	872.11
Less: capitalised during the year (refer note 28 (e))	(1.13)	(1.48)
Total	**895.12**	**870.63**

(b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit and limited review fee	1.17	0.78
Tax audit fee	-	0.15
In other capacity		
Taxation matters	0.03	0.17
Other services	0.09	0.12
Reimbursement of expenses	0.08	0.10
Total	**1.37**	**1.32**

(c) Corporate Social Responsibility (CSR)

	March 31, 2018	March 31, 2017
Gross amount required to be spent by the Company during the year	8.65	8.50
Total	**8.65**	**8.50**

Amount spent during the year

	In Cash	Yet to spent in cash	Total
During the year ended March 31, 2018			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	8.65	-	8.65
	8.65	**-**	**8.65**
During the year ended March 31, 2017			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	8.52	-	8.52
	8.52	**-**	**8.52**

^The amount is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India). Refer note 34.

Notes to the separate financial statements for the year ended March 31, 2018

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

(d) Research and development costs

The Company has incurred expenses on research and development at research and development facilities approved and recognised by the Ministry of Science and Technology, Government of India.

	March 31, 2018	March 31, 2017
Revenue expenditure - charged to statement of profit and loss	11.30	12.46
Revenue expenditure - capitalised	-	-
Capital expenditure	-	0.05
Total	**11.30**	**12.51**

(e) Capitalisation of expenses

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed asset (tangible / intangible). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	2.02	0.20
Raw material and components	4.03	0.80
Others	1.13	1.48
Total	**7.18**	**2.48**

29 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	238.25	144.83
Weighted average number of Equity shares of Rs.2/- each (Number in crores)	11.92	11.92
Basic and diluted Earning per share (Rs.)	19.99	12.15

30 Components of Other Comprehensive Income (OCI)

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

	Cash flow hedge Reserve	Retained Earnings	Total
During the year ended March 31, 2018			
Currency forward contracts	0.95	-	0.95
Reclassified to statement of profit or loss	(0.38)	-	(0.38)
Re-measurement gains (losses) on defined benefit plans	-	3.02	3.02
Total	**0.57**	**3.02**	**3.59**
During the year ended March 31, 2017			
Currency forward contracts	28.07	-	28.07
Reclassified to statement of profit or loss	(13.61)	-	(13.61)
Re-measurement gains (losses) on defined benefit plans	-	(5.64)	(5.64)
Total	**14.46**	**(5.64)**	**8.82**

31 Contingent liabilities and commitments

A Contingent liabilities

a) During the previous years, the Commissioner of Central Excise, upon adjudication of the show cause-cum demand notices issued by the Department for the period June 2000 till September 2015, has raised demands of Rs. 1,330.64 crores on the Company (including penalty but excluding interest not presently quantified). During the year, the Company was served an additional demand order of Rs. 46.28 crores (including penalty but excluding interest not presently quantified) for the period October 2015 to March 2017 for the same matter. 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 Company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Company's factory. The Company filed an appeal against the said orders received before CESTAT, Mumbai. Based on an independent legal advice, the Company is confident of the issue being ultimately decided in its favour and accordingly, no provision has been considered necessary as at March 31, 2018.

b) **Taxes ***

	March 31, 2018	March 31, 2017
Excise, Customs Duty and Service tax	20.01	6.11
Sales tax	63.11	63.70
Income tax demands disputed in appellate proceedings	22.65	28.47
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Company	44.26	43.71
Others	0.09	0.23

* Excluding of interest and penalty thereon

c) **Guarantees on behalf of subsidiaries**

	March 31, 2018	March 31, 2017
Counter corporate guarantees issued to banks (Also refer note 32)	20.38	6.32
Indemnity bonds, letter of support/comfort and corporate guarantees (Also refer note 32)	241.48	187.93

The Company has issued various gurantees for performance, deposits, tender money etc. 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, 2018	March 31, 2017
Liability for export obligations	87.65	22.42
Claims against the Company not acknowledged as debt	2.88	19.85

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.

e) There are certain law suits, disputes, etc., including commercial matters that arises from time to time in the ordinary course of business for which amounts are not quantifiable by the management. However, based on management's assessment under IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets", that the claims against the Company are not tenable/ probability of final outcome against the Company is low and therefore have not been disclosed as contingent liabilities.

B Capital and other commitments

a) Liability in respect of partly paid shares Rs. 0.19 (March 31, 2017 Rs.0.19)

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 44.49 (March 31, 2017 Rs. 43.93)

Notes to the separate financial statements for the year ended March 31, 2018

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

c) Lease commitments

i. Operating lease: Company as lessee

The Company has taken office buildings and factory shed on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the Company has an option to terminate the agreement or extend the term by giving notice in writing.

	March 31, 2018	March 31, 2017
Lease payments for the year	15.70	17.02

	March 31, 2018	March 31, 2017
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	4.93	1.28
After one year but not more than five years	2.26	1.51
More than five years	-	-

ii. 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, 2018	March 31, 2017
Future minimum lease rental receivable under non-cancellable operating leases are as follows:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

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

a) Loans and advance to related parties includes loan given to a subsidiary. The particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013.

Name of the party	Rate of interest	Due date and amount payable	Purpose	March 31, 2018 Amount	March 31, 2017 Amount
Thermax Engineering Construction Company Limite	10.15% (March 31, 2017: 10.75%)	June 30, 2018	The loan has been granted to the subsidiary for working capital requirements.	1.50	31.00

b) The Company has issued corporate guarantees on behalf of subsidiaries to banks. Details as below

Name of the party	March 31, 2018		March 31, 2017	
	Foreign currency (million)	Amount	Foreign currency (million)	Amount
Thermax Instrumentation Limited	-	9.78	-	4.83
Thermax Instrumentation Limited	USD 1.35	8.80	USD 0.01	0.06
Thermax Onsite Energy Solutions Limited	-	1.80	-	1.43
Total	-	**20.38**	-	**6.32**

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

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

Name of the party	March 31, 2018		March 31, 2017	
	Foreign currency (million)	Amount	Foreign currency (million)	Amount
Thermax Instrumentation Limited	-	30.00	-	30.00
Thermax Engineering Construction Company Limited	-	90.00	-	90.00
Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd	USD 6	39.10	USD 6	38.91
PT Thermax International Indonesia	USD 5	32.59	-	-
Rifox-Hans Richter GmbH Spezialarmaturen	EUR 0.45	3.61	EUR 0.45	3.11
Thermax Denmark ApS	EUR 5.75	46.18	EUR 3.75	25.91
Total		**241.48**		**187.93**

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

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 in the form of qualifying insurance policy. 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 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.

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, 2016	**77.64**	**(82.61)**	**(4.97)**
Current service cost	7.00	-	**7.00**
Interest expense/(income)	5.66	(6.92)	**(1.26)**
Total amount recognised in Profit or Loss	**12.66**	**(6.92)**	**5.74**
Experience adjustments	4.14	-	**4.14**
Actuarial loss from change in financial assumptions	4.58	-	**4.58**
Return on plan assets (income)	-	(0.09)	**(0.09)**
Total amount recognised in Other Comprehensive Income	**8.72**	**(0.09)**	**8.63**
Employer contributions	-	(14.62)	**(14.62)**
Benefits paid	(13.86)	13.86	**-**
March 31, 2017	**85.16**	**(90.38)**	**(5.22)**
Current service cost	7.44	-	7.44
Interest expense/(income)	5.60	(6.44)	(0.84)
Total amount recognised in Profit or Loss	**13.04**	**(6.44)**	**6.60**
Experience adjustments	(1.04)	-	(1.04)
Actuarial loss from change in financial assumptions	(2.99)	-	(2.99)
Return on plan assets (income)	-	(0.61)	(0.61)
Total amount recognised in Other Comprehensive Income	**(4.03)**	**(0.61)**	**(4.64)**
Employer contributions	-	(6.49)	(6.49)
Benefits paid	(10.37)	10.37	-
March 31, 2018	**83.80**	**(93.55)**	**(9.75)**

Notes to the separate financial statements for the year ended March 31, 2018

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

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	83.80	85.16
Fair value of plan assets	(93.55)	(90.38)
Deficit/(Surplus) of funded plan	**(9.75)**	**(5.22)**

III Significant estimates

The principal actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.65%	7.00%
Salary growth rate	7.00%	7.00%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	5% to 10%	5% to 10%

IV Sensitivity analysis

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

Assumption	March 31, 2018		March 31, 2017	
	Impact of 1% increase	Impact of 1% decrease	Impact of 1% increase	Impact of 1% decrease
Discount rate	Decrease by 4.38	Increase by 4.90	Decrease by 4.71	Increase by 5.31
Future salary	Increase by 4.47	Decrease by 4.07	Increase by 4.84	Decrease by 4.37
Attrition Rate	Increase by 0.11	Decrease by 0.13	Decrease by 0.12	Increase by 0.12

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.

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

Particulars	March 31, 2018	March 31, 2017
Within next 12 months	12.80	12.44
Between 1-5 years	37.17	37.30
Next 5 years	27.20	25.45

V The major categories of plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Investments with Insurer (LIC of India)	100.00%	100.00%

Notes to the separate financial statements for the year ended March 31, 2018

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

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, 2018	Ownership interest March 31, 2017
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 (Zhejiang) Cooling & Heating Engineering Company Ltd.	China	100%	100%
10	Thermax Netherlands B.V.	Netherlands	100%	100%
11	Thermax Denmark ApS#	Denmark	100%	100%
12	Danstoker A/S#	Denmark	100%	100%
13	Ejendomsanp artsselskabet Industrivej Nord 13#	Denmark	100%	100%
14	Boilerworks A/S#	Denmark	100%	100%
15	Boilerworks Properties ApS Industrivej#	Denmark	100%	100%
16	Danstoker Poland SpóBka Z Ograniczona Odpowiedzialnoscia ##	Poland	100%	-
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%
18	Thermax Sdn. Bhd	Malaysia	100%	100%
19	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%
20	PT Thermax International#	Indonesia	100%	100%
21	Thermax Hong Kong Limited	Hong Kong	100%	100%
22	Thermax Senegal S.A.R.L.#	Senegal	100%	100%
23	First Energy Private Limited	India	76%	54.67%
24	Thermax Energy and Environment Philippines Corporation #	Philippines	100%	100%
25	Thermax Energy & Environment Lanka (Private) Limited ^#	Sri Lanka	100%	-
26	Thermax Nigeria Limited #	Nigeria	100%	100%
27	ESOP Trust and Employee Welfare Trusts**	India	NA	NA

Held indirectly

Date of acquisition May 4, 2017

^ Date of incorporation August 8, 2017

** The Company has 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.

Notes to the separate financial statements for the year ended March 31, 2018

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

B Holding Company

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2018	Ownership interest March 31, 2017
1	RDA Holdings Private Limited	India	53.99%	53.99%

C Joint Ventures

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2018	Ownership interest March 31, 2017
1	Thermax Babcock & Wilcox Energy Solutions Private Limited	India	51%	51%
2	Thermax SPX Energy Technologies Limited	India	51%	51%

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

1 Mrs. Meher Pudumjee - Chairperson

2 Mrs. Anu Aga - Director

3 Mr. Pheroz Pudumjee - Director

4 Mr. Zahaan Pudumjee - Relative of Chairperson / Director

E Enterprises, over which control is exercised by individuals listed in 'D' above:

1 KRA Holdings Private Limited, India

2 Thermax Foundation, India

3 ARA Trusteeship Company Private Limited, India

F Key Management Personnel:

1 Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer

2 Dr. Raghunath A. Mashelkar - Independent Director

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 (w.e.f. May 30, 2017)

8 Mr. Amitabha Mukhopadhyay - Chief Financial Officer

9 Mr. Kedar Phadke - Company Secretary (w.e.f. August 08, 2017)

Notes to the separate financial statements for the year ended March 31, 2018

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

G. Transactions with related parties:

	Subsidiaries		Joint Ventures		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in D, E and F		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a. Transactions during the year										
Sales of products and services	118.88	113.66	0.07	0.10	-	-	-	-	**118.95**	**113.76**
Commission income	0.16	0.12	-	-	-	-	-	-	**0.16**	**0.12**
Miscelleneous income	1.27	1.18	4.28	0.37	-	-	-	-	**5.55**	**1.55**
Interest income	1.48	2.87	-	-	-	-	-	-	**1.48**	**2.87**
Recovery of expenses	9.22	13.05	-	1.83	-	-	-	-	**9.22**	**14.88**
Purchase of raw material and components	2.51	7.15	9.55	7.01	-	-	-	-	**12.06**	**14.16**
Site expenses and contract labour charges	101.80	137.52	-	-	-	-	-	-	**101.80**	**137.52**
Reimbursement of expenses	7.90	14.97	-	0.27	-	-	-	-	**7.90**	**15.24**
Remuneration to key management personnel*	-	-	-	-	-	-	5.65	5.65	**5.65**	**5.65**
Donation	-	-	-	-	8.65	8.52	-	-	**8.65**	**8.52**
Purchase of property, plant and equipment	-	-	0.60	-	-	-	-	-	**0.60**	**-**
Investment in Equity	20.33	40.46	-	179.84	-	-	-	-	**20.33**	**220.30**
Investment in Preference shares	6.00	6.00	-	-	-	-	-	-	**6.00**	**6.00**
Loan (recovered) / given	(29.50)	23.00	-	-	-	-	-	-	**(29.50)**	**23.00**
Director's sitting fees	-	-	-	-	-	-	0.40	0.44	**0.40**	**0.44**
Commission paid	0.66	-	-	-	-	-	2.79	2.32	**3.45**	**2.32**
Rent paid	0.65	0.59	-	-	-	-	0.39	0.39	**1.04**	**0.98**

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

Note: Dividend paid to RDA Holdings Private Limited, India is Rs. 38.60 (March 31, 2017: Rs 38.60) and to Employee welfare and ESOP trusts Rs 3.92 (March 31, 2017 Rs. 3.92)

	Subsidiaries		Joint Ventures		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in D, E and F		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
b. Balances as at reporting date										
Trade receivables	35.62	22.91	1.51	1.48	-	-	-	-	**37.13**	**24.39**
Interest accrued	-	0.79	-	-	-	-	-	-	**-**	**0.79**
Advances given	0.46	2.78	1.29	0.66	-	-	-	-	**1.75**	**3.44**
Loans given (including security deposit)	1.50	31.00	-	-	-	-	0.53	0.53	**2.03**	**31.53**
Trade payables	35.80	46.72	1.31	3.69	-	-	-	-	**37.11**	**50.41**
Advances received	1.11	4.95	0.01	-	-	-	-	-	**1.12**	**4.95**
Guarantee /letter of comfort given on behalf of subsidiaries and joint ventures	241.48	187.93	-	-	-	-	- -	- -	**241.48**	**187.93**

Notes to the separate financial statements for the year ended March 31, 2018

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

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' above):

Particulars	March 31, 2018	March 31, 2017
Transactions during the year		
Sale of product and services		
Thermax Inc., U.S.A.	73.75	55.21
Thermax Europe Limited., U.K	27.88	49.40
Thermax Onsite Energy Solutions Limited, India	12.26	6.51
Commission income		
Thermax Engineering Construction Company Limited, India	0.14	0.11
Miscellaneous income		
Thermax Engineering Construction Company Limited, India	0.61	0.61
Thermax Instrumentation Limited, India	0.58	0.58
Thermax SPX Energy Technologies Limited, India	4.27	0.37
Interest income		
Thermax Engineering Construction Company Limited, India	1.48	2.87
Recovery of expenses		
Thermax Engineering Construction Company Limited, India	1.83	1.95
Thermax Instrumentation Limited, India	4.39	5.67
Thermax Senegal S.A.R.L, Senegal	1.22	1.70
Thermax Inc., U.S.A.	0.76	1.89
Thermax SPX Energy Technologies Limited, India	-	1.52
Purchase of raw material and components		
Thermax (Zhejiang) Cooling & Heating Engineering Company Limited., China	1.97	6.75
Thermax SPX Energy Technologies Limited, India	8.46	7.01
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	1.09	-
Site expenses and contract labour charges		
Thermax Engineering Construction Company Limited, India	73.13	108.58
Thermax Instrumentation Limited, India	28.67	28.94
Reimbursement of expenses		
Thermax Engineering Construction Company Limited, India	0.95	1.31
Thermax Instrumentation Limited, India	0.87	6.17
Thermax Europe Limited., U.K	1.37	3.00
Thermax Sdn. Bhd, Malaysia	2.31	2.06
Thermax Inc., U.S.A.	1.12	1.93

Notes to the separate financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Particulars	March 31, 2018	March 31, 2017
Remuneration to key management personnel, excluding commission		
Mr. M. S. Unnikrishnan	3.47	3.27
Mr. Amitabha Mukhopadhyay	2.01	1.88
Donation		
Thermax Foundation, India	8.65	8.52
Purchase of property, plant and equipment		
Thermax Babcock & Wilcox Energy Solutions Private Ltd., India	0.60	-
Investment in Equity		
Thermax Babcock & Wilcox Energy Solutions Private Ltd., India	-	179.84
Thermax Engineering Singapore Pte. Ltd., Singapore	6.46	40.46
Thermax Netherlands B.V.	13.88	-
Investment in Preference share		
First Energy Private Limited, India	6.00	6.00
Loan (recovered) / given		
Thermax Engineering Construction Company Limited, India	(29.50)	23.00
Directors sitting fees		
Mrs. Meher Pudumjee	0.06	0.07
Mrs. Anu Aga	0.04	0.05
Mr. Pheroz Pudumjee	0.07	0.08
Dr. Valentin A. H. von Massow	0.07	0.09
Dr. Jairam Varadaraj	0.06	0.07
Mr. Nawshir Mirza	0.05	0.06
Commission paid		
Mrs. Meher Pudumjee	0.35	0.35
Mrs. Anu Aga	0.14	0.14
Mr. Pheroz Pudumjee	0.15	0.15
Dr. Valentin A. H. von Massow	0.30	0.24
Dr. Jairam Varadaraj	0.11	0.17
Mr. Nawshir Mirza	0.30	0.30
Mr. Harsh Mariwala	0.17	0.04
Mr. M. S. Unnikrishnan	1.10	0.80
Commission paid		
Thermax Energy and Environment Philippines Corporation, Philippines	0.66	-

Notes to the separate financial statements for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
Rent paid		
Mrs. Meher Pudumjee	0.12	0.12
Mrs. Anu Aga	0.15	0.15
Mr. Pheroz Pudumjee	0.12	0.12
Thermax Instrumentation Limited, India	0.59	0.59
Balances as at year end		
Trade receivables		
Thermax Inc., U.S.A.	12.38	11.72
Thermax Europe Limited., U.K	9.25	4.63
Thermax Onsite Energy Solutions Limited, India	4.60	0.70
Thermax Engineering Construction Company Limited, India	3.99	2.46
Interest accrued		
Thermax Engineering Construction Company Limited, India	-	0.79
Advances given		
Thermax Engineering Construction Company Limited, India	-	0.90
Thermax Instrumentation Limited, India	0.46	1.88
Thermax SPX Energy Technologies Limited, India	1.29	0.66
Loans given (including security deposit)		
Thermax Engineering Construction Company Limited, India	1.50	31.00
Trade payables		
Thermax Engineering Construction Company Limited, India	10.71	22.40
Thermax Instrumentation Limited, India	19.52	18.30
Advances received		
Thermax Onsite Energy Solutions Limited, India	0.97	0.16
Thermax Inc., U.S.A.	-	4.79
PT Thermax International, Indonesia	0.14	-
Guarantee/ Letter of comfort given on behalf of subsidiaries and joint ventures*	241.48	187.93

* For details of guarantee/ letter of comfort given on behalf on subsidiaries and joint ventures, refer note 32

II. Terms and conditions of related party transactions and outstanding balances

The sales to 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 and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: 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.

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

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.

36 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,195.33	1,033.63
Loans	18.88	50.75
Other financial assets	513.57	501.41
Cash and cash equivalents	118.53	68.20
Bank balances other than cash and cash equivalents	0.82	2.73
Total	**1,847.13**	**1,656.72**
Current assets	1,777.39	1,566.51
Non-current assets	69.74	90.21
Total	**1,847.13**	**1,656.72**

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

Break-up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	As at March 31, 2017
Investments	1,240.93	846.76
Total	**1,240.93**	**846.76**
Current assets	1,156.51	764.73
Non-current assets	84.42	82.03
Total	**1,240.93**	**846.76**

The fair values of the quoted shares and mutual funds are based on price quotations at the reporting date.

Break-up of derivative assets

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.69	59.72
Derivative not designated as hedges		
Foreign exchange forward contracts	1.58	2.52
Total	**4.27**	**62.24**
Current assets	4.27	62.24
Non-current assets	-	-
Total	**4.27**	**62.24**

Notes to the separate financial statements for the year ended March 31, 2018

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Borrowings	116.49	66.22
Trade payable	967.42	958.61
Employee related payables	50.56	54.63
Other liabilities	65.61	19.60
Total	**1,200.08**	**1,099.06**
Current liabilities	1,174.36	1,063.49
Non current liabilities	25.72	35.57
Total	**1,200.08**	**1,099.06**

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

The Company 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, 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.

Break-up of derivative liabilities

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.26	21.76
Derivative not designated as hedges		
Foreign exchange forward contracts	1.27	0.54
Total	**3.53**	**22.30**
Current liabilities	3.53	22.30
Non-current liabilities	-	-
Total	**3.53**	**22.30**

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, 2018

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2018	0.29	-	-
Preference shares	March 31, 2018	-	-	18.68
Mutual funds	March 31, 2018	-	1,221.96	-
Derivative financial assets	March 31, 2018	-	4.27	-
Financial liabilities				
Derivative financial liabilities	March 31, 2018	-	3.53	-

Notes to the separate financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2017	0.40	-	-
Preference shares	March 31, 2017	-	-	14.19
Mutual funds	March 31, 2017	-	832.17	-
Derivative financial assets	March 31, 2017	-	62.24	-
Financial liabilities				
Derivative financial liabilities	March 31, 2017	-	22.30	-

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

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no changes from previous year.

* The movement in Level 3 is on account of additional Investment in Preference shares and Interest accretion.

(This space has been intentionally left blank)

Notes to the separate financial statements for the year ended March 31, 2018

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

37 (a) Financial risk management

The Company'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 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 ongoing 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. 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, 2018 and March 31, 2017. 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 recognised 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 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 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 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 at 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.

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

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD Sensitivity				
INR/ USD - Increase by 1%	0.17	0.69	(8.07)	(7.93)
INR/ USD - Decrease by 1%	(0.17)	(0.69)	8.07	7.93
SEK Sensitivity				
INR/ SEK - Increase by 1%	0.08	0.08	-	(0.47)
INR/ SEK - Decrease by 1%	(0.08)	(0.08)	-	0.47
EURO Sensitivity				
INR/ EUR - Increase by 1%	0.07	0.16	-	(0.12)
INR/ EUR - Decrease by 1%	(0.07)	(0.16)	-	0.12
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.12	0.01	-	0.10
INR/ JPY - Decrease by 1%	(0.12)	(0.01)	-	(0.10)

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 equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity 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.

As at balance sheet, the exposure to equity shares at fair value was Rs. 0.29 (March 31, 2017: Rs 0.40). At the reporting date, an increase / decrease of 10% market index would have a impact of approx gain / loss of Rs. 0.03 (March 31, 2017: Rs 0.04) respectively on statement of profit and loss.

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. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. 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 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.

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, 2018 and March 31, 2017 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial guarantees is disclosed in note 33 and financial derivative instruments in notes 9(b) and 17(b) to the financial statements.

Notes to the separate financial statements for the year ended March 31, 2018

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

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, 2018	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	116.49	-	-
Trade Payables	943.12	24.30	-
Other financial liabilities			
Unpaid dividend	0.81	-	-
Other payables	113.94	1.42	-
Derivatives (net settled)			
Foreign exchange forward contracts	3.53	-	-
March 31, 2017	**< 1 year**	**1 to 3 years**	**> 3 years**
Non- derivative			
Borrowings	66.22	-	-
Trade Payables	924.51	34.10	-
Other financial liabilities			
Unpaid dividend	0.77	-	-
Other payables	71.99	1.47	-
Derivatives (net settled)			
Foreign exchange forward contracts	22.30	-	-

(All amounts are in Rupees Crores, 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, SEK, JPY. These forecast transactions are highly probable, and fully 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, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	4.27	(3.53)	62.24	(22.30)

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 are as mentioned below.

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	995.53	(9.30)	1,170.01	(19.82)
Derivatives not designated as hedges				
Foreign exchange forward contracts	318.22	(82.44)	13.16	(0.07)

All the derivative contracts expire in next 12 months.

The cash flow hedges of the expected future sales during the year ended March 31, 2018 were assessed to be highly effective and a net unrealised gain of Rs. 0.26 (March 31, 2017: Rs 41.45), with a deferred tax liability of Rs. 0.09 (March 31, 2017: Rs 14.35) relating to the hedging instruments, is included in OCI.The cash flow hedges of the expected future purchases during the year ended March 31, 2018 were assessed to be highly effective, and as at 31 March 2018, a net unrealised loss of Rs. Nil (March 31, 2017: Rs 11.60) with a related deferred tax asset of Rs. Nil (March 31, 2017: Rs 4.02) was included in OCI in respect of these contracts.The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss during the year ended March 31, 2019.Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 30.

38 Capital Management

The Company's objective for capital management is to maximise 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 years ended March 31, 2018 and March 31, 2017. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2018	March 31, 2017
Borrowings	116.49	66.22
Trade payables	967.42	958.61
Book overdraft	37.90	-
Less: Cash and cash equivalents	(119.35)	(70.93)
Net debt	**1,002.46**	**953.90**
Equity	2,565.56	2,409.76
Capital and net debt	**3,568.02**	**3,363.66**
Gearing ratio	**1 : 3.56**	**1 : 3.53**

Notes to the separate financial statements for the year ended March 31, 2018

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

39 (a) Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company (in the first quarter of financial year 2018-19) using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The Company is assessing the effect of this on the financial statements. Other amendments are not applicable and hence have not been disclosed here.

39 (b) Event after reporting date

The Company has entered into a preliminary understanding with Babcock & Wilcox India Holding Inc. (B&W) to acquire the shareholding of the latter in the joint venture, Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES). The parties are working towards a definitive agreement to conclude the transaction.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May, 18 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS 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 joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (“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 Joint ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; the 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 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and joint ventures as at March 31, 2018, their consolidated profit including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to note 32(A)(a) of the consolidated Ind AS financial statements relating to the demand orders/ show cause notice on the Holding Company of the Group for Rs. 1,376.92 crores (including penalty of Rs. 325.29 crores and excluding interest not presently quantified) by the Commissioner of Central Excise, Pune. The Holding Company of the Group has filed an appeal against the said orders and filed replies to the show cause notice cum demand order. Our opinion is not qualified in respect of this matter.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 24 subsidiaries and welfare trusts (73 nos.) whose Ind AS financial statements include total assets of Rs 1,132.28 crores and net assets of Rs 762.83 crores as at March 31, 2018, and total revenues of Rs 659.89 crores and net cash inflows of Rs 46.39 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. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 25.19 crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements, other financial information have been audited by other auditors and whose 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 joint ventures, 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 and joint ventures, is based solely on the reports of such other auditors.

(b) Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters 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

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 joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports 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 purpose of our audit of the aforesaid consolidated Ind AS 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, 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;

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

(e) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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 and joint ventures incorporated in India, none of the directors of the Group's companies and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;

(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, 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 joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint ventures – Refer Note 31(A) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS 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 Note 19(b) to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and joint ventures;

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 joint ventures incorporated in India during the year ended March 31, 2018.

iv. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported by us. Refer note 13(c) of the consolidated Ind AS financial statements.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 18, 2018

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

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

In conjunction with our audit of the consolidated financial statements of Thermax Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Thermax Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and joint ventures, which are companies incorporated in India, 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 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 respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Over Financial Reporting with reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, its subsidiary companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, 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 issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these 3 subsidiaries and 2 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and joint ventures incorporated in India.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 18, 2018

Consolidated Balance Sheet as at March 31, 2018

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

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	820.72	668.17
Capital work-in-progress	4 (a)	103.37	138.47
Goodwill	4 (b)	122.16	105.74
Other intangible assets	4 (b)	29.80	36.82
Intangible assets under development	4 (b)	-	2.83
Investment in joint ventures	5	188.91	216.11
Financial assets:			
(a) Investments	6 (a)	65.74	67.86
(b) Trade receivables	7 (a)	56.03	83.57
(c) Loans	8 (a)	17.24	16.08
(d) Finance lease receivables	32	41.62	39.16
(e) Other financial assets	9 (a)	0.15	0.26
Deferred tax assets (net)	10	108.18	115.34
Income tax assets (net)		82.72	70.89
Other non-current assets	11 (a)	206.83	201.81
Total non-current assets		**1,843.47**	**1,763.11**
II. Current assets			
Inventories	12	366.62	283.25
Financial assets:			
(a) Investments	6 (b)	1,217.08	799.07
(b) Trade receivables	7 (b)	1,243.21	1,034.24
(c) Cash and cash equivalents	13 (a)	246.35	173.01
(d) Bank balances other than (c) above	13 (b)	47.64	47.98
(e) Loans	8 (b)	5.38	10.40
(f) Finance lease receivables	32	4.30	3.48
(g) Other financial assets	9 (b)	597.00	675.77
Income tax assets (net)		19.84	18.99
Other current assets	11 (b)	354.14	251.17
Total current assets		**4,101.56**	**3,297.36**
Total assets		**5,945.03**	**5,060.47**
Equity and liabilities			
III. Equity			
Equity share capital	14	22.52	22.52
Other equity	15 (a)	2,692.22	2,515.10
Equity attributable to equity shareholders of parent		**2,714.74**	**2,537.62**
Non-controlling interest		-	1.39
Total equity		**2,714.74**	**2,539.01**
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	16 (a)	53.01	46.02
(b) Trade payables	17 (a)	21.88	47.45
(c) Other financial liabilities	18 (a)	4.76	4.78
Provisions	19 (a)	10.01	10.16
Deferred tax liabilities (net)	10	16.47	16.01
Other non-current liabilities	20 (a)	45.42	31.81
Total non-current liabilities		**151.55**	**156.23**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	16 (b)	164.24	85.27
(b) Trade payables	17 (b)	1,038.60	1,004.19
(c) Other current financial liabilities	18 (b)	153.63	117.43
Other current liabilities	20 (b)	1,534.86	991.73
Provisions	19 (b)	174.46	149.44
Income tax liabilities (net)		12.95	17.17
Total current liabilities		**3,078.74**	**2,365.23**
Total equity and liabilities		**5,945.03**	**5,060.47**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of these financial statements.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May 18, 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Consolidated Statement of profit and loss for the year ended March 31, 2018

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

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue from operations	21 (a)	4,485.64	4,589.72
Other income	22	116.39	114.05
Total Income (I)		**4,602.03**	**4,703.77**
Expenses			
Cost of raw materials and components consumed	23	2,301.35	2,166.98
Purchase of traded goods		75.43	76.68
(Increase) / Decrease in inventories of finished goods, work-in-progress and traded goods	24	(27.44)	20.49
Excise duty on sale of goods		20.76	106.64
Employee benefits expense	25	696.57	686.40
Finance cost	26	12.85	9.71
Depreciation and amortisation expense	27	82.44	81.90
Other expenses	28 (a)	1,018.03	1,099.54
Total expenses (II)		**4,179.99**	**4,248.34**
Profit before exceptional items, share of loss of joint ventures and tax (III) = (I-II)		**422.04**	**455.43**
Exceptional items (IV)	36 B (b)	-	(17.84)
Profit before share of loss of joint ventures and tax (V) = (III-IV)		**422.04**	**437.59**
Tax expense	10		
Current tax		158.99	154.85
Deferred tax		6.76	1.14
Total tax expense		**165.75**	**155.99**
Profit after tax		**256.29**	**281.60**
Share of loss on joint ventures	37	(25.19)	(65.46)
Profit for the year		**231.10**	**216.14**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	30		
Share of OCI [cash flow hedge (net of tax)] of joint ventures		(2.10)	(4.79)
Net gain on cash flow hedges		1.41	22.88
Less: Income tax effect		(0.31)	(7.66)
		(1.00)	10.43
Exchange differences on translation of foreign operations		24.54	(24.35)
		24.54	(24.35)
		23.54	**(13.92)**
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain/(loss) of defined benefit plan		5.28	(8.22)
Less: Income tax effect		(1.79)	2.99
		3.49	**(5.23)**
Net other comprehensive income for the year (net of tax)		**27.03**	**(19.15)**
Total comprehensive income for the year		**258.13**	**196.99**
Profit for the year			
Attributable to :			
Equity holders of the parent		232.11	223.01
Non-controlling interest		(1.01)	(6.87)
Other comprehensive income for the year			
Attributable to :			
Equity holders of the parent		27.03	(19.15)
Non-controlling interest		-	-
Total comprehensive income for the year			
Attributable to :			
Equity holders of the parent		259.14	203.86
Non-controlling interest		(1.01)	(6.87)
Earning per equity share [Nominal value per share Rs.2/- each (March 31, 2017: Rs.2/-)]	29		
Basic and Diluted		**20.61**	**19.80**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of these financial statements.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May 18, 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Consolidated Statement of Changes in Equity for the year March 31, 2018

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

A Equity Share Capital

Particulars	Note No	March 31, 2018	March 31, 2017
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					Items of OCI		Total Reserves and Surplus (including items of OCI)	Non-controlling interest	Total Other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium account	Foreign currency translation reserve	Cash flow hedge reserve			
As at April 1, 2016	**435.08**	**17.82**	**50.34**	**1,798.51**	**57.28**	**18.68**	**15.92**	**2,393.63**	**-**	**2,393.63**
Profit for the year	-	-	-	223.01	-	-	-	**223.01**	(6.87)	**216.14**
Other Comprehensive Income (net)	-	-	-	(5.23)	-	(24.35)	10.43	**(19.15)**	-	**(19.15)**
Total comprehensive income	**-**	**-**	**-**	**217.78**	**-**	**(24.35)**	**10.43**	**203.86**	**(6.87)**	**196.99**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.26**	**8.26**
Transfer to general reserve	0.23	-	-	(0.23)	-	**-**	**-**	**-**	**-**	**-**
Dividends paid	-	-	-	(67.84)	-	-	-	**(67.84)**	-	**(67.84)**
Dividend distribution tax paid	-	-	-	(14.55)	-	-	-	**(14.55)**	-	**(14.55)**
As at March 31, 2017	**435.31**	**17.82**	**50.34**	**1,933.67**	**57.28**	**(5.67)**	**26.35**	**2,515.10**	**1.39**	**2,516.49**
Profit for the year	-	-	-	232.11	-	-	-	**232.11**	(1.01)	**231.10**
Adjustments on account of acquisition of Non Controlling Interest	-	-	-	0.38	-	-	-	**0.38**	(0.38)	**-**
Other Comprehensive Income (net)	-	-	-	3.49	-	24.54	(1.00)	**27.03**	-	**27.03**
Total comprehensive income	**-**	**-**	**-**	**235.98**	**-**	**24.54**	**(1.00)**	**259.52**	**(1.39)**	**258.13**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to general reserve	-	-	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(67.84)	-	-	-	**(67.84)**	-	**(67.84)**
Dividend distribution tax paid	-	-	-	(14.55)	-	-	-	**(14.55)**	-	**(14.55)**
As at March 31, 2018	**435.31**	**17.82**	**50.34**	**2,087.26**	**57.28**	**18.87**	**25.35**	**2,692.22**	**-**	**2,692.22**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May 18, 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Consolidated Statement of Cash flow for the year ended March 31, 2018

(All amounts are in Rupees Crores, except stated otherwise)

		Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
A)	**Cash flows from operating activities**			
	Profit before tax (after exceptional item)		422.04	437.59
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation / impairment on Property, plant and equipment	27	69.72	62.22
	Amortization of intangible assets	27	12.72	19.68
	Provision for impairment allowance of financial assets	28 (a)	(13.57)	48.66
	Provision for impairment of goodwill and other intangible assets	36 B (b)	-	17.84
	Interest expense	26	7.19	7.04
	Bad debts/ advances written off	28 (a)	34.24	16.73
	Unwinding discount on provisions	26	5.66	2.67
	Unrealized foreign exchange (gain)/ loss		(2.15)	9.23
	Interest/ dividend income	22	(14.36)	(32.58)
	Liabilities no longer required written back	22	(14.72)	(24.68)
	Fair value gain on financial instrument at fair value through profit and loss (net)	22	(72.24)	(43.26)
	Loss on sale / discard of assets (net)	28 (a)	1.35	0.74
	Gain on fair valuation of previously held interest in joint ventures	22	-	(2.79)
	Working capital adjustments			
	(Increase) /Decrease in trade receivables		(197.60)	192.37
	(Increase) /Decrease in inventories		(83.37)	7.07
	(Increase)/ Decrease in other financial assets		82.64	(61.44)
	(Increase) in other assets		(104.31)	(78.19)
	Increase in trade payables		6.32	49.04
	Increase / (Decrease) in other liabilities		571.46	(147.00)
	Increase in provisions		24.49	8.09
	(Decrease) / Increase in other financial liabilities		(24.79)	3.37
	Cash generated from operations		**710.72**	**492.40**
	Direct taxes paid (net of refunds received)		(177.13)	(157.82)
	Net cash inflow from operating activities		**533.59**	**334.58**
B)	**Cash flows from / (used in) investing activities**			
	Purchase of tangible and intangible assets		(200.35)	(118.81)
	Investment in joint ventures		-	(186.54)
	Proceeds from maturity of fixed deposits (net)		0.38	100.31
	Sale/ (purchase) of other investments (net)		(343.65)	103.56
	Interest/ dividend received		12.53	26.50
	Net cash flows (used in) investing activities		**(531.09)**	**(74.98)**
C)	**Cash flows from / (used in) financing activities**			
	Proceeds / (repayment) of borrowings (net)		69.27	(36.25)
	Interest paid		(7.20)	(6.99)
	Dividend paid and tax thereon		(82.39)	(82.34)
	Net cash flows used in financing activities		**(20.32)**	**(125.58)**

Consolidated Statement of Cash flow for the year ended March 31, 2018
(All amounts are in Rupees Crores, except stated otherwise)

	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Net increase / (decrease) in cash and cash equivalents		**(17.82)**	**134.02**
Cash and cash equivalents at the beginning of the year		153.98	44.31
Exchange differences on translation of foreign operations		24.54	(24.35)
Cash and cash equivalents at the end of the year		**160.70**	**153.98**

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

	Note No.	March 31, 2018	March 31, 2017
Cash and cash equivalents	13 (a)	246.35	173.01
Bank overdraft		(47.75)	(19.03)
Book overdraft	18 (b)	(37.90)	-
Balances as per Cash flow statement		**160.70**	**153.98**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May 18, 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

Notes to the consolidated financial statements for the year ended March 31, 2018

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

1. Corporate information

Thermax Limited ('the Company') and its subsidiaries (together referred to as 'the Group') and joint ventures 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 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 consolidated financial statements on May 18, 2018. 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).

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

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 annual periods beginning on or after April 1, 2017.

(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

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. 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.

Generally, 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;
- 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 a subsidiary 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 parent company, i.e., year ended March 31, 2018.

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 fixed assets, 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.When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group 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 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
- 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 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. Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.
- 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 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 joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of profit and loss reflects the Group's share of the results of operations of its joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. Unrealised gains and losses resulting from transactions between the Group and a joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Consolidated Statement of profit and loss.

The financial statements of the joint ventures are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognizes the loss as 'Share of loss of joint ventures' in the Consolidated Statement of profit or loss.

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 Companies Act, 2013 ('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 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
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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 valuation methods, significant estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 39)
- Financial instruments (including those carried at amortized cost) (note 39)

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 and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss. All significant costs relating to the acquisition and installation of property plant and equipment 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 costs are charged to the Consolidated Statement of profit and loss during the financial period 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.

Leasehold land is amortized on a straight-line basis over the agreed period of lease ranging up to 99 years.

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	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

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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 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.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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. 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 Consolidated 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 is 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. 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 specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. 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. The Group provides for warranty provision for general repairs up to 18 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.

Revenue from supply of spare parts are recognized when significant risks and rewards have passed to the buyer which is generally on delivery of these spare parts.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on straight-line basis as the related services are performed over a specified period of time. The Group collects taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Contract revenue

A construction contract is defined as a contract 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. Revenue for such contracts is recognized on the basis of percentage of completion method if the outcome of the contract can be estimated reliably and it is probable that the contract will

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be profitable. The revenue for the period is the excess of revenues measured according to the percentage of completion over the revenue recognized in prior periods. When a group of contracts are secured together, the Group follows a policy to determine the stage of completion for such combined contracts together. The revenues and profits earned are recognized uniformly over the performance of such contracts.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately irrespective of the stage of the completion of the contract. Determination of revenues under this method necessarily involves making complex assumptions and estimates by the management (some of which are of a technical nature) of the costs of completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any), contract risks including political and regulatory risks, foreseeable losses to complete the contract and other judgements. Any changes in estimates may lead to an increase or decrease in revenue.

Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

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 also 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.

On the balance sheet date, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

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

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured. Claims are included when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim. The Group applies requirements regarding contract variations to contract terminations, since contract terminations are also changes to agreed delivery and service scope.

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.

Dividend

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

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:

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 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 FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Consolidated Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Consolidated Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

iii. 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.

iv. 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:

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- 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.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Consolidated Statement of profit and loss. This amount is reflected 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 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 the 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

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.

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its fixed rate secured loan. See note 40 (b) for more details.

(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 finance costs.

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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.

l. Share held by ESOP and Welfare trusts

The Group has created an 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 (EBT). 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 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 claim is 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 income-tax

Current income-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 countries 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.

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

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated Statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the Consolidated Statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are

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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.

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 generally 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 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 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 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.

u. Retirement and other employee benefits

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 lead to, for example, a reduction in future payment or a cash refund.

The Company and some of its subsidiaries 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 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:

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

- 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.

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 executive decision maker of the Company.

w. Contingent liability

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 Group 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 judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 Judgements

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

i. Revenue recognition on construction contracts

A significant portion of the Group's business relates to construction activity which is accounted using percentage-of-completion method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts which need to be accounted under percentage-of-completion method, depending upon the level of customization and the period of the fulfilment of the performance obligations under the contract. The percentage-of-completion method requires Management to make significant estimates 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

(a) 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.

(b) Classification of joint arrangements

The Group's interest in relation to Thermax Babcock & Wilcox Energy Solutions Private Limited and Thermax SPX Energy Technologies Limited are subject to joint venture agreements with other venturers. These agreements require unanimous consent from both the venturers for certain activities, which Management has considered to be relevant activities for the purpose of determination of control. Accordingly, the Management has determined that these entities are subject to joint control and therefore accounted using equity method of accounting in these consolidated financial statements.

iii. Arrangements in the nature of lease

The Group has entered into certain arrangements with its customers where the Group will supply 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 specified in Appendix C to Ind-AS 17. 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. Legal contingencies

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

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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.

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.

i. Constructions contracts:

- Provisions for liquidated damages claims (LDs): the Group provides for LD claims where there have been significant contract delays and it is considered probable that the customer will successfully pursue such a claim. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgements 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 and 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 long-term contracts where it is considered 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 of 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 (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 33.

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 judgement is required in establishing fair values. Judgements 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 39 for further disclosures.

v. Warranty provision

The Group 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 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 judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions 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

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

portfolio of its trade receivables for its Indian operations. 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 analyzed. On that basis, the Group estimates a default rate of total revenue for trade receivables and contract revenue for contract receivables. The Group follows provisioning norms based on ageing of receivables to estimate the ECL provision. 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 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 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(f) and 2(g) above for further details.

viii. Intangible asset under development

The Group capitalises intangible asset under development in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalised intangible asset under development includes significant investment in the development of power plants using alternative energy solutions. The innovative nature of the product gives rise to some uncertainty as to performance parameters stated in the contract would be satisfied. Refer note 4(b) for details of intangible asset under development.

ix. 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. Refer note 10 for further information on potential tax benefits for which no deferred tax asset is recognized.

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Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

4 (a) Property, Plant and Equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicle	Total	Capital work in progress
Gross carrying amount as at April 1, 2016*	**7.36**	**82.59**	**398.21**	**552.87**	**38.39**	**53.28**	**38.19**	**15.60**	**1,186.49**	**27.80**
Additions	-	-	25.40	7.25	2.09	0.92	1.18	0.78	**37.62**	148.29
Addition on account of acquisition	-	-	0.12	20.69	0.14	2.03	0.27	-	**23.25**	-
Disposals/Transfers/Adjustments	-	-	-	(0.90)	(0.62)	(1.04)	(0.20)	(4.50)	**(7.26)**	(37.62)
Exchange differences	-	(1.66)	(7.13)	(5.58)	(0.53)	(0.05)	(0.16)	-	**(15.11)**	-
Gross carrying amount as at March 31, 2017	**7.36**	**80.93**	**416.60**	**574.33**	**39.47**	**55.14**	**39.28**	**11.88**	**1,224.99**	**138.47**
Additions	-	0.04	85.37	94.85	3.10	2.88	1.42	3.29	**190.95**	155.85
Adjustment on account of acquisition	-	-	18.79	4.44	-	-	-	-	**23.23**	-
Disposals/Transfers/Adjustments	-	1.84	(0.50)	(6.44)	(0.98)	(7.21)	(3.26)	(2.70)	**(19.25)**	(190.95)
Exchange differences	-	2.17	10.81	8.76	0.89	0.04	0.19	-	**22.86**	-
Gross carrying amount as at March 31, 2018	**7.36**	**84.98**	**531.07**	**675.94**	**42.48**	**50.85**	**37.63**	**12.47**	**1,442.78**	**103.37**
Accumulated depreciation as at April 1, 2016*	**-**	**2.95**	**92.91**	**309.77**	**18.56**	**43.06**	**19.70**	**10.07**	**497.02**	**-**
Charge for the year	-	0.73	12.35	38.32	2.70	4.12	2.32	1.68	**62.22**	-
Addition on account of acquisition	-	-	0.12	10.02	0.11	1.63	0.14	-	**12.02**	**-**
Disposals//Adjustments	-	-	(0.15)	(1.82)	(0.55)	(0.98)	(0.02)	(3.69)	**(7.21)**	**-**
Exchange differences	-	(0.11)	(2.55)	(3.99)	(0.42)	(0.04)	(0.12)	-	**(7.23)**	**-**
Accumulated depreciation as at March 31, 2017	**-**	**3.57**	**102.68**	**352.30**	**20.40**	**47.79**	**22.02**	**8.06**	**556.82**	-
Charge for the year	-	0.68	15.28	40.17	3.82	3.78	2.61	1.39	**67.73**	-
Impairment	-	-	-	1.99	-	-	-	-	**1.99**	-
Adjustment on account of acquisition	-	-	-	-	-	-	-	-	**-**	**-**
Disposals/Adjustments	-	0.79	(0.07)	(5.11)	(0.60)	(7.47)	(2.55)	(2.15)	**(17.16)**	**-**
Exchange differences	-	0.14	4.39	7.18	-	0.77	0.04	0.16	**12.68**	**-**
Accumulated depreciation as at March 31, 2018	**-**	**5.18**	**122.28**	**396.53**	**23.62**	**44.87**	**22.12**	**7.46**	**622.06**	**-**
Net cost as at March 31, 2018	**7.36**	**79.80**	**408.79**	**279.41**	**18.86**	**5.98**	**15.51**	**5.01**	**820.72**	**103.37**
Net cost as at March 31, 2017	**7.36**	**77.36**	**313.92**	**222.03**	**19.07**	**7.35**	**17.26**	**3.82**	**668.17**	**138.47**

*The Group had elected to continue with the carrying value of property, plant and equipment as recognised in the 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. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of Rs. 448.39 (representing accumulated depreciation as at April 01, 2015) to compute the cost and accumulated depreciation as per IND AS. Such adjustment will have no impact on the net cost as at March 31, 2018 and March 31, 2017.

Capital work in progress majorly includes expenditure towards construction of new manufacturing facility at Sricity, Andhra Pradesh and zonal office buildings at Chennai and Hyderabad.

The Group has given certain part of its office building on lease, the value of which can not be determined but would be not be significant. (note 32 (iii)).

For assets given as collateral as security, refer note 16.

Details of assets held under finance lease (vehicles and office equipment):

Particulars	March 31, 2018	March 31, 2017
Assets held under finance lease - cost	2.11	2.00
Assets held under finance lease - accumulated depreciation	(0.66)	(0.60)
Net cost	**1.45**	**1.40**

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4 (b) Intangible assets

Particulars	Computer Software	Technical know-how	Goodwill	Total	Intangibles under development
Gross carrying amount as at April 1, 2016*	**48.06**	**55.71**	**147.59**	**251.36**	**32.21**
Additions	7.36	23.37	-	**30.73**	12.94
Adjustment on account of acquisition	1.27	11.06	9.60	**21.93**	-
Disposals/Transfers/Adjustments	-	-	-	**-**	(42.32)
Exchange difference	(0.18)	(0.02)	(13.39)	**(13.59)**	-
Gross carrying amount as at March 31, 2017	**56.51**	**90.12**	**143.80**	**290.43**	**2.83**
Additions	3.94	1.52	-	**5.46**	2.63
Disposals/Transfers/Adjustments	0.58	(11.61)	(8.01)	**(19.04)**	(5.46)
Exchange difference	0.54	0.03	21.07	**21.64**	-
Gross carrying amount as at March 31, 2018	**61.57**	**80.06**	**156.86**	**298.49**	**-**
				-	
Accumulated amortisation as at April 1, 2016*	**42.51**	**38.33**	**32.68**	**113.52**	**-**
Charge for the year	4.07	15.61	-	**19.68**	-
Adjustment on account of acquisition	0.82	0.39	-	**1.21**	-
Disposals	-	-	-	**-**	-
Impairment	-	8.24	9.60	**17.84**	-
Exchange difference	(0.14)	(0.02)	(4.22)	**(4.38)**	-
Accumulated amortisation as at March 31, 2017	**47.26**	**62.55**	**38.06**	**147.87**	**-**
Charge for the year	3.65	9.07	-	**12.72**	**-**
Disposals	0.29	(11.31)	(8.01)	**(19.03)**	**-**
Exchange difference	0.29	0.03	4.65	**4.97**	**-**
Accumulated amortisation as at March 31, 2018	**51.49**	**60.34**	**34.70**	**146.53**	**-**
Net cost as at March 31, 2018	**10.08**	**19.72**	**122.16**	**151.96**	**-**
Net cost as at March 31, 2017	**9.25**	**27.57**	**105.74**	**142.56**	**2.83**

Net cost	March 31, 2018	March 31, 2017
Goodwill	122.16	105.74
Other intangible assets	29.80	36.82
Intangible assets under development	-	2.83

*The Group had elected to continue with the carrying value of intangible assets and goodwill as recognised in the 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. The total gross cost and corresponding total accumulated amortisation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of Rs. 67.53 and Rs. 29.11 for intangible assets and goodwill respectively (representing accumulated amortisation as at April 1, 2015) to compute the cost and accumulated amortisation as per IND AS. Such adjustment will have no impact on the net cost as at March 31, 2018 and March 31, 2017.

Pursuant to an assessment of impairment of such intangible assets under development, the Group has written off assets under development amounting to Rs NIL (March 31, 2017 Rs 11.59) to the Consolidated Statement of profit and loss (over various heads).

(i) Impairment tests for goodwill

Goodwill acquired through business combinations has been considered for impairment testing.

Carrying amount of goodwill pertaining to Danstoker A/S

Intangible Asset	March 31, 2018	March 31, 2018
Goodwill	119.13	102.71

Goodwill pertaining to other subsidiaries has been tested for impairment, however, detailed disclosures have not been provided as the value of goodwill is not significant in comparison with the entity's total carrying amount of goodwill.

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

The Group performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 at the respective year-end.

Danstoker A/S

The recoverable value of Danstoker A/S (CGU) as at March 31, 2018, has been determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 7.5% (March 31, 2017: 7.5%) and cash flows beyond the 5-year period have been extrapolated using a 3% growth rate (March 31, 2017: 3%) which is based on long-term industry average growth rate. As a result of this analysis, management has concluded that the recoverable value of the CGU exceeds the carrying value of the CGU (including goodwill).

Key assumptions used for value in use calculation and their sensitivity to changes

The calculation of value in use is most sensitive to the following assumptions:

1 Sales Growth rate

2 Discount Rates

Sales growth rate - Sales growth rate has been considered at an average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. Prices included in revenue forecasts include long-term inflation forecasts. The Management has considered an average sales growth rate of 11% over the forecast period. Even a decline of 10% in the average sales growth rate will not result in an impairment charge.

Discount rates - Discount rates represent the current market assessment of the risks specific to Danstoker A/S, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and Danstoker A/S and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. CGU specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the discount rate to 9.5% (i.e. increase of 2%) will result in an impairment charge.

The Management has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of Danstoker CGU to exceed its recoverable amount.

5 Investments and joint ventures

	Face value per share	Number of shares		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments in equity instruments :					
Investments accounted using the equity method (also refer note 37)					
Equity shares in Joint Venture Companies (Unquoted)					
Thermax SPX Energy Technologies Limited	Rs. 10	10,200,000	10,200,000	1.03	4.99
Thermax Babcock & Wilcox Energy Solutions Private Limited	Rs. 10	427,191,300	427,191,300	187.88	211.12
Investments in joint ventures				**188.91**	**216.11**

Notes to the consolidated financial statements for the year ended March 31, 2018
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6 (a) Non-current investments

	Face value per share/ unit	Number of shares / unit		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments in equity instruments :					
Investments at Fair Value through Profit and Loss					
Quoted equity shares (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	**	**
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.29	0.40
Quoted equity shares (partly paid up)					
Parasrampuria Synthetics Limited	Rs. 10	125,000	125,000	**	**
(paid up Rs. 2.50 per share)					
Unquoted equity shares (fully paid up)					
Cosmos Co-operative Bank Limited	Rs. 20	1,375	1,375	**	**
GSL (India) Limited	Rs. 10	17,539	17,539	**	**
Sicom Limited #	Rs. 10	10,000	10,000	-	-
Total investment in equity shares				**0.29**	**0.40**
Investment in preference shares:					
Investments at Fair Value through Profit and Loss					
Unquoted preference shares (fully paid up, redeemable)					
Indian Food Fermentation Limited (18% cumulative)	Rs. 10	21,800	21,800	-	0.02
Total investment in preference shares				**-**	**0.02**
Investments in Mutual Funds:					
Investments at Fair Value through Profit and Loss					
Unquoted					
ABSL Fixed Term Plan Series OY	Rs. 10	20,000,000	-	20.36	-
SBI Debt Fund Series B – 26 (1100 Days)	Rs. 10	-	10,000,000	-	11.29
SBI Debt Fund Series C – 7 (1190 Days)	Rs. 10	15,000,000	-	15.25	-
BSL Fixed Term Plan Series MY (1107 days)	Rs. 10	-	25,000,000	-	28.27
HDFC FMP 1167D January 2016(1)	Rs. 10	25,000,000	25,000,000	29.84	27.88
Total investments in Mutual Funds				**65.45**	**67.44**
Total non-current Investments				**65.74**	**67.86**
Aggregate amount of quoted investments				0.29	0.40
Aggregate amount of unquoted investments				65.45	67.46
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 39 for determination of their fair values.

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

6 (b) Current Investments

Particulars	Face value per unit	Number of units		Amount	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (Unquoted)					
ABSL Fixed Term Plan Series MY (1107 days) - Direct	Rs. 10	25,000,000	-	30.30	-
ABSL Floating Rate Fund-Short Term Plan - Growth (Regular Plan)	Rs. 100	4,866,314	-	112.45	-
Birla SL FRF-Short Term Plan	Rs. 100	326,360	5,310,993	7.57	114.83
Aditya Birla Liquid Fund	Rs. 10	3,000,000	-	2.59	-
BSL Floating Rate Short term - Growth	Rs. 100	444,679	-	10.28	-
DSP BlackRock Banking and PSU Debt Fund - Direct	Rs. 10	-	3,589,066	-	5.03
DSP BlackRock Strategic Bond Fund-Growth (Regular Plan)	Rs. 1,000	190,392	265,414	38.45	52.02
DSP BlackRock Low Duration Fund-Growth (Regular Plan)	Rs. 1,000	44,070,717	44,070,717	55.57	52.10
HDFC Gilt Fund-Growth (Regular Plan)	Rs. 10	3,967,490	8,290,087	13.90	27.97
HDFC Arbitrage Fund-Wholesale Plan - Growth (Regular Plan)	Rs. 10	12,398,949	-	25.77	-
HDFC Income Fund-Growth (Regular Plan)	Rs. 10	3,610,670	6,230,973	13.83	23.23
HDFC Liquid Fund	Rs. 10	-	328	-	0.11
ICICI Equity Arbitrage Fund - Growth	Rs. 10	11,225,411	-	25.82	-
ICICI Pru Money Market Fund-Growth	Rs. 100	5,026,877	5,088,831	120.41	113.41
ICICI Pru Money Market Fund - Direct	Rs. 100	259,021	251,209	6.23	2.52
ICICI Prudential Mutual Fund	Rs. 10	500,000	-	0.51	-
IDFC Cash Fund -Growth (Regular Plan)	Rs. 1,000	190	7,658	0.04	1.51
IDFC Cash Fund - Direct	Rs. 1,000	970,233	26,695	204.74	5.27
Kotak Banking PSU Debt Fund - Direct	Rs. 10	5,773,522	5,773,522	22.97	21.48
Kotak Bond Short Term Fund	Rs. 10	11,104,474	8,784,320	36.02	27.00
Kotak Equity Arbitrage Fund -Direct	Rs. 10	15,946,102	-	40.69	-
Kotak Equity Arbitrage Fund - Growth (Regular Plan)	Rs. 10	10,404,615	-	25.87	-
Kotak Flexi Debt Scheme - Direct	Rs. 10	-	11,640,861	-	25.09
Kotak Liquid Fund - Direct	Rs. 1,000	59,100	196,958	20.81	64.95
Reliance Liquidity Fund - Direct	Rs. 1,000	23,805	23,805	6.23	5.84
SBI Debt Fund Series B – 26 (1100 Days) - Direct	Rs. 10	10,000,000	-	12.09	-
SBI Magnum Insta Cash Fund-Direct	Rs. 1,000	33,842	-	13.01	-
SBI Premier Liquid	Rs. 1,000	29,212	31,119	7.93	7.92
SBI Premier Liquid Fund - Direct	Rs. 1,000	137	170	0.04	0.04
Tata Liquid Fund	Rs. 1,000	-	21,097	-	6.31
Tata Money Market Fund-Growth (Regular Plan)	Rs. 1,000	113	354,836	0.03	90.62
Tata Money Market Fund -Direct	Rs. 1,000	806,394	156,682	220.82	40.16
UTI Liquid Fund-Growth	Rs. 1,000	409,836	403,453	116.27	107.27
UTI Liquid Fund - Direct	Rs. 1,000	-	43,079	-	4.39
UTI-Spread Fund- Growth	Rs. 10	11,032,511	-	25.84	-
Total Current Investments				**1,217.08**	**799.07**
Aggregate amount of quoted investments and market value thereof				-	-
Aggregate amount of unquoted investments				1,217.08	799.07
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 39 for determination of their fair values.

Notes to the consolidated financial statements for the year ended March 31, 2018

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

7 Trade receivables

(a) Non-current trade receivables

	As at March 31, 2018	As at March 31, 2017
Trade receivables from:		
i) Related parties (note 35)	-	-
ii) Others	56.03	83.57
Total receivables	**56.03**	**83.57**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	79.10	110.08
Doubtful	-	-
	79.10	**110.08**
Less: Impairment allowance	(23.07)	(26.51)
Total	**56.03**	**83.57**

(b) Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables from:		
i) Related parties (note 35)	1.51	1.48
ii) Others	1,241.70	1,032.76
Total receivables	**1,243.21**	**1,034.24**
Break-up for security details		
Secured, considered good	182.20	101.98
Unsecured, considered good	1,199.97	1,063.23
Doubtful	258.26	276.48
	1,640.43	**1,441.69**
Less: Impairment allowance	(397.22)	(407.45)
Total	**1,243.21**	**1,034.24**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person nor 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.

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

8 Loans

(a) Non-current loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
At amortized cost		
Loans to employees	3.29	4.05
Security deposits* (note 35)	13.95	12.03
Total	**17.24**	**16.08**

* Includes lease deposits given to directors of Rs. 0.53 (March 31, 2017 Rs. 0.53). The maximum amount due from directors during the year amounted to Rs. 0.53 (March 31, 2017 Rs. 0.53). This also includes deposits given to various other parties for rent, utilities etc.

(b) Current loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
At amortized cost		
Loans to employees	1.71	3.18
Security deposits	3.67	7.22
Total	**5.38**	**10.40**

Loans are various kinds of non-derivative financial assets which generate fixed interest income for the Group. The carrying value may be affected by the changes in the credit risk of the counter parties. The tenure of such loans range between 6 to 12 months.

No loans are due from directors or officers 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.

For terms and conditions relating to loan given to related parties, refer note 35.

9 Other financial assets

(a) Other non current financial assets

	As at March 31, 2018	As at March 31, 2017
Bank deposits with maturity of more than 12 months #	0.15	0.26
Total	**0.15**	**0.26**

Above bank deposits are pledged as margin money.

Notes to the consolidated financial statements for the year ended March 31, 2018

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

(b) Other current financial assets

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.69	59.72
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	1.58	2.52
At amortized cost		
Export incentive receivable	51.59	33.12
Interest accrued on fixed deposits and others	2.01	0.18
Unbilled revenue (note 21(b))	539.13	579.48
Other financial assets*	-	0.75
Total	**597.00**	**675.77**

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 impairment allowance of Rs. 12.41 (March 31, 2017: Rs. 12.31) for contract assets.

* Other financial assets include trade deposits, etc.

10 Income taxes

The major components of income tax expense for the year ended are:

Statement of profit and loss

Particulars	March 31, 2018	March 31, 2017
Current income tax charge		
Current income tax	158.99	154.85
Deferred tax		
Relating to origination and reversal of temporary differences	6.76	1.14
Income tax expense reported in the statement of profit or loss	**165.75**	**155.99**

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

Other comprehensive income

Particulars	March 31, 2018	March 31, 2017
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of Cash flow hedge	0.31	7.66
Net gain or loss on remeasurements of defined benefit plans	1.79	(2.99)
Deferred tax charged in other comprehensive income	**2.10**	**4.67**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Particulars	March 31, 2018	March 31, 2017
Accounting profit before tax (before share of loss of joint ventures)	422.04	437.59
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	146.06	151.44
Effects of income not subject to tax		
- Dividend income	(0.07)	(4.16)
- Fair value gain on FVPL investments	(1.87)	(2.61)
Weighted deduction on research and development expenses	(1.99)	(4.17)
Derecognition of deferred tax assets in absence of future taxable profit	3.70	-
Unrecognized tax benefits on tax losses	8.55	5.56
Taxes paid on repatriation of branch profits	1.52	2.11
Others (includes effect of non-deductible business expenses)	9.85	7.83
Effective tax	165.75	155.99
Income tax expense reported in the statement of profit or loss	**165.75**	**155.99**

Deferred tax

Statement of profit and loss

Particulars	March 31, 2018	March 31, 2017
Deferred tax relates to the following :		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	3.18	(2.41)
Provision for doubtful debts and liquidated damages	3.09	(6.92)
Employee benefit obligations	0.33	(7.57)
Fair value gains on investment classified as fair value through profit and loss	15.17	11.17
Temporary differences in accounting treatment as required by Income tax standards	(14.47)	(5.56)
Others	(0.54)	12.43
Deferred tax expense	**6.76**	**1.14**

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Balance sheet

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax relates to the following :		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	(65.90)	(62.72)
Revaluation of cash flow hedges	(12.66)	(12.35)
Provision for doubtful debts and liquidated damages	160.12	163.21
Employee benefit obligations	14.11	16.23
Fair value gains on investment classified as fair value through profit and loss	(25.54)	(10.37)
Temporary differences in accounting treatment as required by Income tax standards	20.03	5.56
Others*	1.55	(0.23)
Net deferred tax assets	**91.71**	**99.33**

* Includes impact on account of deferred tax created on unrealized profit elimination from inventory.

Reconciliation of deferred tax assets (net)

	March 31, 2018	March 31, 2017
Opening balance as at April 1	**99.33**	**104.90**
Tax (expense)/ income during the period recognised in profit or loss	(6.76)	(4.67)
Tax (expense)/ income during the period recognised in OCI	(2.10)	(1.14)
Currency translation effect	1.24	0.24
Closing balance as at March 31	**91.71**	**99.33**

Break up of gross deferred tax assets/liabilities

	March 31, 2018	March 31, 2017
Deferred tax assets	108.18	115.34
Deferred tax liabilities	(16.47)	(16.01)
Net deferred tax assets	**91.71**	**99.33**

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. 62.47 (March 31, 2017: Rs. 31.94) 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 2027.

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 there are no other plan or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by Rs. 15.36 (March 31, 2017: Rs. 8.22).At March 31, 2018, there was no recognised deferred tax liability (March 31, 2017: Rs. Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint venture. The Group has determined that undistributed profits of its subsidiaries and joint venture will not be distributed in the foreseeable future. The Group's joint venture will not distribute its profits until it obtains the consent from all venture partners.During the year ended March 31, 2018 and March 31, 2017, the parent company has paid dividend to its shareholders. This has resulted in payment of dividend distribution taxes (DDT) to the taxation authorities. The group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

11 Other assets

(a) Other non-current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advance to suppliers	0.12	6.48
Advance to employees	3.56	3.27
Capital advance	13.45	9.94
Balances with government authorities	147.60	138.88
Prepayments	42.10	43.24
Total	**206.83**	**201.81**

(b) Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advance to suppliers	106.38	75.17
Advance to employees	14.37	5.18
Advance to related parties (note 35)	1.30	0.66
Prepayments	8.34	6.62
Balances with government authorities	187.62	145.69
Prepaid employee benefits (note 33)	10.88	5.75
Others*	25.25	12.10
Total	**354.14**	**251.17**

*Others include GST paid on customer advances, interest on tax refunds, other recovery of expenses, etc.

There were no advances due by directors or officers of the Group 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.

Notes to the consolidated financial statements for the year ended March 31, 2018

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

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

	As at March 31, 2018	As at March 31, 2017
Raw materials, components and bought-outs **	223.71	172.76
Work-in-progress	75.08	50.11
Finished goods	49.61	46.56
Stores and spares	8.26	3.28
Traded goods	9.96	10.54
Total	**366.62**	**283.25**

**Includes goods in transit Rs. 10.81 (March 31, 2017 Rs. 18.07)

For the year ended March 31, 2018 Rs. 2.51 (March 31, 2017 Rs. (1.65)) was recognised (net of reversals) / (reversed) 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 Consolidated Statement of profit and loss

13 (a) Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- in current accounts	181.51	157.62
- in deposits with original maturity of less than three months	57.33	8.59
Cheques, drafts on hand	7.27	6.55
Cash on hand	0.24	0.25
Total	**246.35**	**173.01**

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.

There are repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period amounting to Rs. 2.71.

Cash and cash equivalents include Rs. 10.72 (March 31, 2017 : Rs. 7.48) held by irrevocable trust controlled by the Group.

13 (b) Other bank balances

	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than 3 months but less than 12 months	46.83	47.21
Unpaid dividend account (restricted)	0.81	0.77
Total	**47.64**	**47.98**

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

13 (c) Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016

The Group had Specified Bank Notes (SBNs) and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Details of SBNs and other denomination notes held and transacted during the period from November 8, 2016 to December 30, 2016 are given below:

	SBNs (a)	Other denomination notes (b)	Total (a + b)
Closing cash in hand as on November 8, 2016	0.16	0.05	**0.21**
Add: Permitted receipts	-	0.48	**0.48**
Less: Permitted payments	-	0.34	**0.34**
Less: Amounts deposited in Banks	0.16	0.05	**0.21**
Closing cash in hand as on December 30, 2016	**-**	**0.14**	**0.14**

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning as provided in the Notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

The disclosure is not applicable for the year ended March 31, 2018.

13 (d) Changes in liabilities arising from financing activities

Particulars	Borrowings	Unpaid dividend
As on April 1, 2017	116.70	0.77
Cash flow	69.27	-
Other	-	0.04
As on March 31, 2018	**185.97**	**0.81**

14 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
37,50,00,000 (March 31, 2017: 37,50,00,000) equity shares of Rs. 2/- each.	75.00	75.00
	75.00	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
11,91,56,300 (March 31, 2017: 11,91,56,300) equity shares of Rs. 2/- each.	23.83	23.83
Less: Shares held by Trusts 65,41,440 (March 31, 2017: 65,41,440) equity shares of Rs. 2/- each.	(1.31)	(1.31)
Total issued, subscribed and fully paid-up share capital	**22.52**	**22.52**

Notes the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

(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, 2016	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2017	112,614,860	22.52
Changes during the year	-	-
As at March 31, 2018	**112,614,860**	**22.52**

(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, 2018	As at March 31, 2017
Holding company		
RDA Holding and Trading Private Limited, India	12.87	12.87
6,43,28,500 (March 31, 2017: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

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

	As at March 31, 2018	As at March 31, 2017
RDA Holding and Trading 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

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.

The above percentage of shareholding is before elimination of Trust's shareholding.

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

15 (a) Other equity

	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
Capital redemption reserve	50.34	50.34
Securities premium account	57.28	57.28
Capital reserve	17.82	17.82
General reserve		
Opening balance	435.31	435.08
Add : Transfer from retained earnings	-	0.23
Closing balance	**435.31**	**435.31**
Retained earnings		
Opening balance	**1,933.67**	**1,798.51**
Add: Profit for the year	232.11	223.01
Add: Adjustments on account of acquisition of non-controlling interest	0.38	-
Less: Dividends paid	67.84	67.84
Less: Tax on dividend	14.55	14.55
Less: Transferred to general reserve	-	0.23
Movement during the year	150.10	140.39
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain/ (loss) on defined benefit plans, net of tax Rs. 1.79 (March 31, 2017 Rs. 2.99)	3.49	(5.23)
Net surplus in the Statement of profit and loss	**2,087.26**	**1,933.67**
Total Reserves and Surplus	**2,648.01**	**2,494.42**
Other Reserves		
Cash flow hedge reserve		
Opening balance	26.34	15.92
Add: Movement during the year (net)	1.41	22.88
Less: Tax on movement during the year	(0.31)	(7.66)
Add: Share of hedge reserve of joint venture	(2.10)	(4.79)
Closing balance	**25.34**	**26.34**
Foreign currency translation reserve		
Opening balance	(5.67)	18.68
Add: Movement during the year (net)	24.54	(24.35)
Closing balance	**18.87**	**(5.67)**
Total	**2,692.22**	**2,515.10**

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Capital redemption reserve

Pertains to reserve created towards redemption of preference shares and can be utilised in accordance with the provisions of the Act.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is 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 and other countries' 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 having a functional currency other than Indian Rupees.

15 (b) Distribution made and proposed

	March 31, 2018	March 31, 2017
Cash dividend on equity shares declared and paid by Holding company:		
Final dividend for the year ended 2016-2017: Rs. 6 per share (2015-2016: Rs.6 per share) (gross of consolidation adjustments)	71.49	71.49
Dividend Distribution Tax on the above	14.55	14.55
	86.04	**86.04**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at the reporting date.

Proposed dividend of holding company on equity shares:		
Proposed dividend for the year ended 2017-18: Rs. 6 per share (2016-17: Rs. 6 per share)	71.49	71.49
Dividend Distribution Tax on the above	14.69	14.55
	86.18	**86.04**

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

16 Borrowings

(a) Non current Borrowings

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Term loans (from banks)		
Secured loan	62.38	40.91
Term loans (other than banks)		
Secured loan	5.69	8.40
Lease obligation (note 32 (ii))	1.41	1.15
Total non-current borrowings	**69.48**	**50.46**
Less: amount disclosed under the head		
"Other current financial liabilities" (note 18 (b))		
- Current maturities of long-term borrowings	(16.15)	(4.16)
- Current maturities of finance lease obligation	(0.32)	(0.28)
Total	**53.01**	**46.02**

Secured loans from banks have been availed by one of the subsidiaries. These loans are repayable on a quarterly / annual basis over a period of nineteen years. Land and building with a carrying value of Rs. 28.64 (March 31, 2017 Rs. 25.55) has been provided as collateral for these borrowings. These loans carry an interest rate of 1% - 5%.

Secured loans from others include:

- loan from mortgage credit institutions are repayable on monthly basis from April 2015 over a period of five years. The loan is secured by first charge on plant and machinery and escrow of cash flow for the specific project for which such facility has been availed. These loans carry an interest rate of 9.90% - 11%.

(b) Current borrowings

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Loans (from banks)		
Secured loan	124.24	85.25
Loans (other than banks)		
Secured loan	-	0.02
Unsecured loan	40.00	-
Total	**164.24**	**85.27**

Secured loans from banks includes working capital facilities viz. bank overdraft, cash credit and acceptances for bills discounted by suppliers which are repayable in 60 to 120 days. Loans are secured by hypothecation of present and future stock of inventories, stores and spares not related to plant and machinery, book debts and other moveable assets.

Unsecured loans pertains to packing credit of Rs. 40 (March 31, 2017: Rs. Nil) carries an interest rate of 4.5% due for repayment within 280 days from date of disbursement or expected shipment date whichever is earlier.

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

17 Trade payables

(a) Non current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables	21.88	47.45
Total	**21.88**	**47.45**

(b) Current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables to		
i) Related parties (note 35)	1.31	3.69
ii) Others	1,037.29	1,000.50
Total	**1,038.60**	**1,004.19**

For terms and conditions with related parties, refer note 35.

18 Financial liabilities

(a) Other non current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Trade deposits	4.76	4.78
Total	**4.76**	**4.78**

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

(b) Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.26	21.76
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	1.27	0.54
At amortized cost		
Current maturities of long-term borrowings (note 16 (a))	16.15	4.16
Current maturities of finance lease obligation (note 16 (a))	0.32	0.28
Interest accrued but not due on loans	-	0.01
Employee related payables	59.67	62.77
Payables for tangible and intangible assets	28.89	17.92
Book overdraft	37.90	-
Unpaid dividend	0.81	0.77
Other payables *	6.36	9.22
Total	**153.63**	**117.43**

* includes dealer deposits, security deposits, etc.

For terms and conditions with related parties, refer note 35.

19 Provisions

(a) Non-current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for gratuity (note 33)	-	0.11
	-	**0.11**
Other provisions		
Provision for warranties	3.67	4.40
Provision for decommissioning liability	6.34	5.65
	10.01	**10.05**
Total	**10.01**	**10.16**

Notes to the consolidated financial statements for the year ended March 31, 2018

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

(b) Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for gratuity (note 33)	0.49	0.28
Provision for leave encashment	61.84	61.26
	62.33	**61.54**
Other provisions		
Provision for onerous contracts	19.78	5.91
Provision for warranties	92.35	81.99
	112.13	**87.90**
Total	**174.46**	**149.44**

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the property plant and equipment taken on lease by the Group. The Group is committed to decommission the site as a result of the construction of manufacturing facility. 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 upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 9.60 higher or lower (March 31, 2017 Rs. 8.64).

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 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, 2017	**5.91**	**86.39**	**5.65**
Additional provision recognised	22.08	32.81	-
Unused amounts reversed	(1.18)	(25.23)	-
Unwinding of discount	-	4.97	0.69
Utilised during the year	(7.03)	(2.92)	-
As at March 31, 2018	**19.78**	**96.02**	**6.34**
Current	19.78	92.35	-
Non-current	-	3.67	6.34
Total	**19.78**	**96.02**	**6.34**

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

20 Other liabilities

(a) Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	8.15	5.96
Customer advances	37.27	25.85
Total	**45.42**	**31.81**

(b) Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue (note 21(b))	289.33	358.24
Customer advances	1,205.13	595.68
Statutory dues and other liabilities*	40.40	37.81
Total	**1,534.86**	**991.73**

*includes tax deducted at source, GST and provident fund.

21 (a) Revenue from operations

	As at March 31, 2018	As at March 31, 2017
Sale of products and services		
Sale of products (inclusive of excise duty) #	3,793.13	3,787.80
Sale of services #	598.12	705.14
Other operating revenue		
Export incentives	34.66	37.32
Sale of scrap	15.02	11.62
Interest income from finance lease	6.49	5.83
Commission income	1.54	1.70
Exchange fluctuation gain (net) *	33.52	37.38
Royalty income	3.16	2.77
Miscellaneous income	-	0.16
Total	**94.39**	**96.78**
Total	**4,485.64**	**4,589.72**

Sale of goods includes excise duty collected from customers of Rs. 20.76 (March 31, 2017 Rs.106.64). Post applicability of Goods and Service Tax (GST) with effect from July 1, 2017, the revenue from operations are disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2017 to that extent.

Refer note 21(b) for details of contract revenue.

* Includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.30 (March 2017 Rs. 1.98)

Notes to the consolidated financial statements for the year ended March 31, 2018

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

21 (b) Revenue from construction contracts (disclosure pursuant to Ind AS 11)

	March 31, 2018	March 31, 2017
Contract Revenue recognised during the year	2,742.80	2,786.79
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	10,946.17	14,713.05

	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress	991.33	629.94
Retention money due from customers for contracts in progress	425.61	593.36
Gross amount due from customers (disclosed as unbilled revenue (Refer note 9 (b))	539.13	579.48
Gross amount due to customers (disclosed as unearned revenue (Refer note 20 (b))	289.33	358.24

22 Other income

	March 31, 2018	March 31, 2017
Interest income from financial assets at amortised cost		
Bank deposits	4.15	11.67
Other interest income	10.15	8.88
Dividend income from investments designated at fair value through profit and loss	0.06	12.03
Government grants *	0.01	0.02
Liabilities no longer required written back	14.72	24.68
Gain on fair valuation of previously held interest in joint venture	-	2.79
Fair value gain on financial instrument at fair value through profit and loss (net)	72.24	43.26
Miscellaneous income ^^	15.06	10.72
Total	**116.39**	**114.05**

* Government grants have been received for the purchase of certain items of property, plant and equipment. These grants are of the nature of grants related to income. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2018 and March 31, 2017.

^^ Includes rent income of Rs. 2.03 (March 31, 2017: Rs. 1.13); refer note 32(iii)

23 Cost of raw material and components consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	172.76	159.14
Add: Purchases	2,356.33	2,181.40
	2,529.09	**2,340.54**
Inventories at the end of the year	(223.71)	(172.76)
	2,305.38	**2,167.78**
Less: capitalised during the year (note 28 (b))	(4.03)	(0.80)
Total	**2,301.35**	**2,166.98**

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

24 (Increase)/ Decrease in inventories of finished goods, work-in-progress and traded goods

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	50.11	59.08
Finished goods	46.56	59.22
Traded goods	10.54	9.40
	107.21	**127.70**
Less: inventories at the end of the year		
Work-in-progress	75.08	50.11
Finished goods	49.61	46.56
Traded goods	9.96	10.54
	134.65	**107.21**
Total	**(27.44)**	**20.49**

25 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	624.47	620.11
Contribution to provident and other funds	34.07	33.45
Gratuity expense (note 33)	7.37	6.15
Staff welfare expenses	32.68	27.81
	698.59	687.52
Less: capitalised during the year (note 28(b))	(2.02)	(1.12)
Total	**696.57**	**686.40**

26 Finance costs

	March 31, 2018	March 31, 2017
Interest expense	7.19	7.04
Unwinding of discount	5.66	2.67
Total	**12.85**	**9.71**

27 Depreciation and amortization expense

	March 31, 2018	March 31, 2017
Depreciation / impairment of tangible assets (note 4(a))	69.72	62.22
Amortisation of intangible assets (note 4(b))	12.72	19.68
Total	**82.44**	**81.90**

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

28 (a) Other expenses

	March 31, 2018	March 31, 2017
Consumption of stores and spare parts	60.23	50.00
Power and fuel	40.11	33.34
Excise duty on increase in inventory	-	0.17
Freight and forwarding charges (net)	88.69	64.85
Site expenses and contract labour charges	404.06	507.24
Drawing, design and technical service charges	24.98	16.30
Sales commission	27.18	22.67
Advertisement and sales promotion	11.80	13.58
Rent (note 32 (iv))	21.90	21.94
Rates and taxes	17.58	22.68
Insurance	7.14	7.62
Repairs and maintenance:		
Plant and machinery	19.44	15.83
Buildings	7.38	6.35
Others	25.45	19.30
Travelling and conveyance	78.81	75.87
Legal and professional fees (includes payment to auditor)	63.61	53.82
Director sitting fees	0.67	0.66
Bad debts/ advances written off	34.24	16.73
Provision for impairment allowance of financial assets (net)	(13.57)	48.66
Warranty expenses (net)	25.35	41.26
Loss on sale/ discard of assets (net)	1.35	0.74
CSR expenditure	9.19	8.83
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	63.57	52.82
	1,019.16	1,101.26
Less: capitalised during the year (note 28(b))	(1.13)	(1.72)
Total	**1,018.03**	**1,099.54**

(b) Capitalisation of expenses

During the year, the Group has capitalized the following expenses of revenue nature to the cost of fixed assets (tangible/ intangible). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	2.02	1.12
Raw material and components	4.03	0.80
Others	1.13	1.72
Total	**7.18**	**3.64**

29 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	232.11	223.01
Weighted average number of Equity shares of Rs. 2/- each (number in crores)	11.26	11.26
Basic and diluted Earning per share	20.61	19.80

30 Components of Other Comprehensive Income (OCI)

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

During the year ended March 31, 2018

Particulars	Cash flow hedge reserve	Foreign Currency translation reserve	Retained earnings	Total
Foreign currency translation differences	-	24.54	-	**24.54**
Interest rate swap	0.40	-	-	**0.40**
Currency forward contracts	1.01	-	-	**1.01**
Reclassified to statement of profit or loss	(0.31)	-	-	**(0.31)**
Re-measurement gains (losses) on defined benefit plans	-	-	3.49	**3.49**
Share of OCI [cash flow hedge (net of tax)] of JV	(2.10)	-	-	**(2.10)**
Total	**(1.00)**	**24.54**	**3.49**	**27.03**

During the year ended March 31, 2017

Particulars	Cash flow hedge reserve	Foreign Currency translation reserve	Retained earnings	Total
Foreign currency translation differences	-	(24.35)	-	**(24.35)**
Interest rate swap	0.36	-	-	**0.36**
Currency forward contracts	28.05	-	-	**28.05**
Reclassified to statement of profit or loss	(13.19)	-	-	**(13.19)**
Re-measurement gains (losses) on defined benefit plans	-	-	(5.23)	**(5.23)**
Share of OCI [cash flow hedge (net of tax)] of JV	(4.79)	-	-	**(4.79)**
Total	**10.43**	**(24.35)**	**(5.23)**	**(19.15)**

Notes to the consolidated financial statements for the year ended March 31, 2018

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

31 Contingent liabilities and commitments

A Contingent liabilities

a) During the previous years, the Commissioner of Central Excise, upon adjudication of the show cause-cum demand notices issued by the Department for the period June 2000 till September 2015, had raised demands of Rs. 1,330.64 crores on the Holding Company (including penalty but excluding interest not presently quantified). During the year, the Holding Company was served an additional demand order of Rs. 46.28 crores (including penalty but excluding interest not presently quantified) for the period October 2015 to March 2017 for the same matter.

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 Holding Company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Holding Company's factory. The Holding Company filed an appeal against the said orders received before CESTAT, Mumbai. Based on an independent legal advice, the Holding Company is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary as at March 31, 2018.

b) **Taxes ***

	March 31, 2018	March 31, 2017
Excise, Customs Duty and Service tax	31.33	17.46
Sales tax	65.52	65.34
Income tax demands disputed in appellate proceedings	24.84	32.56
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Group	47.48	49.37
Others	0.09	0.23

* excluding interest and penalty thereon.

c) **Guarantees**

The Group has issued various guarantees for performance, deposits, tender money etc. 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, 2018	March 31, 2017
Liability for export obligations	87.65	22.42
Claims against the Group not acknowledged as debt	5.64	33.51

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.

e) There are certain law suits, disputes, 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 against are not tenable / probability of final outcome against the Holding Company of the Group is low and therefore have not been disclosed as contingent liabilities.

f) The Group has received a claim for avoidance from the liquidator of former subsidiary Omnical Kessel-und Apparatebau GmbH which is under bankruptcy. The management, based on best estimates, expects no impact for such claim on the Group.

g) For contingent liability with respect to joint ventures, refer note 37.

B Capital and other commitments

a) Liability in respect of partly paid shares Rs. 0.19 (March 31, 2017 Rs.0.19)

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 49.60 (March 31, 2017 Rs. 45.30)

c) For lease commitments, refer note 32.

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

32 Leasing arrangements

i) Amounts receivable under Finance lease - where the Group is lessor

The Group has entered into certain arrangements with its customers where it will supply heat/steam by installing boiler/heater at the customers' premises. The Group has determined that fulfilment of these arrangements is dependent on the use of specific assets and the arrangement conveys to customers a right to use these specific assets. Accordingly, these arrangements qualify as arrangements in the form of a lease as specified in Appendix C to Ind-AS 17. Based on the evaluation of the 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.

	Gross investment in lease		**Present value of minimum lease payments**	
Particulars	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Within one year	11.38	9.80	5.52	4.48
After one year but not more than five years	41.13	35.94	24.44	20.87
More than five years	18.52	21.85	15.96	17.29
	71.03	**67.59**	**45.92**	**42.64**
Less: Unearned finance income	25.11	24.95	-	-
Present value of minimum lease payments receivable	45.92	42.64	45.92	42.64
Allowance for uncollectible lease payments	-	-	-	-
	45.92	**42.64**	**45.92**	**42.64**
Current portion of finance lease receivables	4.30	3.48		
Non-current portion of finance lease receivables	41.62	39.16		

Particulars	**March 31, 2018**	**March 31, 2017**
Estimated unguaranteed residual value of assets under finance lease	-	-
Contingent rent recognised as income during the period	-	-
Interest rate inherent in the lease	12.40% - 17.05%	12.40% - 17.05%

ii) Amounts payable under Finance lease - where the group is lessee

	Minimum lease payments		**Present value of minimum lease payments**	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Within one year	0.32	0.30	0.32	0.28
After one year but not more than five years	1.14	0.99	1.09	0.87
More than five years	-	-	-	-

Notes to the consolidated financial statements for the year ended March 31, 2018

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

iii) Operating lease: Group as lessor

The Group 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, 2018	March 31, 2017
Lease received for the year	2.03	1.13

	March 31, 2018	March 31, 2017
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	-	-

iv) Operating lease: Group as lessee

The Group has taken office buildings and factory shed on operating lease. Lease rentals are charged to the Consolidated Statement of profit and loss for the year. There are no sub-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.

	March 31, 2018	March 31, 2017
Lease payments for the year	21.90	21.94

	March 31, 2018	March 31, 2017
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	6.80	2.59
After one year but not more than five years	5.36	4.54
More than five years	0.41	0.28

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

33 Gratuity

The 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, 2018	March 31, 2017
Current asset	10.88	5.75
Current/ Non-current liability	0.49	0.39

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, 2016	**81.82**	**(86.30)**	**(4.48)**
Current service cos	7.53	-	7.53
Interest expense/(income)	5.49	(7.22)	(1.73)
Acquisition adjustment	0.35	-	0.35
Total amount recognised in Profit or Loss	**13.37**	**(7.22)**	**6.15**
Experience adjustments	3.35	-	3.35
Return on plan assets expense	-	0.07	0.07
Actuarial loss from change in demographic assumptions	0.04	-	0.04
Actuarial loss from change in financial assumptions	4.76	-	4.76
Total amount recognised in Other Comprehensive Income	**8.15**	**0.07**	**8.22**
Employer contributions	-	(14.84)	(14.84)
Benefits paid	(14.01)	13.60	(0.41)
March 31, 2017	**89.33**	**(94.69)**	**(5.36)**
Current service cost	8.22	-	8.22
Interest expense/(income)	5.87	(6.72)	(0.85)
Total amount recognised in Profit or Loss	**14.09**	**(6.72)**	**7.37**
Experience adjustments	(1.52)	-	(1.52)
Return on plan assets (income)	-	(0.03)	(0.03)
Actuarial loss from change in demographic assumptions	-	-	-
Acquisition adjustment	-	(0.61)	(0.61)
Actuarial loss from change in financial assumptions	(3.12)	-	(3.12)
Total amount recognised in Other Comprehensive Income	**(4.64)**	**(0.64)**	**(5.28)**
Employer contributions	-	(7.12)	(7.12)
Benefits paid	(11.01)	11.01	-
March 31, 2018	**87.77**	**(98.16)**	**(10.39)**

Notes to the consolidated financial statements for the year ended March 31, 2018

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

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	87.77	89.33
Fair value of plan assets	(98.16)	(94.69)
Deficit /(Surplus) of funded plan	**(10.39)**	**(5.36)**

III Significant estimates

The principal actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.65%	7%
Salary growth rate	5 % to 7 %	5 % to 7 %
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	5% to 15%	5% to 15%

IV Sensitivity analysis

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

Assumption	March 31, 2018		March 31, 2017	
	Impact of 1% increase	Impact of 1% decrease	Impact of 1% increase	Impact of 1% decrease
Discount rate	Decrease by 4.59	Increase by 5.12	Decrease by 4.97	Increase by 5.60
Future salary	Increase by 4.68	Decrease by 4.26	Increase by 5.11	Decrease by 4.61
Attrition Rate	Increase by 0.14	Decrease by 0.16	Decrease by 0.15	Increase by 0.15

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 following are the expected cash outflow flows to the defined benefit plan in future years:

Particulars	March 31, 2018	March 31, 2017
Within next 12 months	13.07	12.81
Between 1-5 years	38.81	39.06
Next 5 years	28.39	27.40

V The major categories of plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Investments with insurer (LIC of India)	100.00%	100.00%

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

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, 2018	March 31, 2017	
1	Thermax Onsite Energy Solutions Ltd	India	100%	100%	Supply of utilities like steam, heat on build, own and operate basis
2	Thermax Instrumentation Ltd.	India	100%	100%	Civil, Erection and Commissioning Operation and Maintenance
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%	Acts as a holding 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 (Zhejiang) Cooling & Heating Engineering Company Ltd.	China	100%	100%	Products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals
10	Thermax Netherlands BV.	Netherlands	100%	100%	Acts as a holding company
11	Thermax Denmark ApS	Denmark	100%	100%	Acts as a holding company
12	Danstoker A/S	Denmark	100%	100%	Produces and sells boilers to the energy market
13	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	100%	100%	Own and lease out property within group
14	Boilerworks A/S	Denmark	100%	100%	Produces and supplies high-pressure boilers and components
15	Boilerworks Properties ApS	Denmark	100%	100%	Own and lease out the property within group
16	Danstoker Poland Spó?ka Z Ograniczona Odpowiedzialnoscia ##	Poland	100%	-	Produces and supplies high-pressure boilers and components
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%	Manufacturing steam trap systems
18	Thermax Sdn.Bhd	Malaysia	100%	100%	Turnkey solutions provider
19	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%	Acts as a holding company
20	PT Thermax International Indonesia	Indonesia	100%	100%	Manufacturing of industrial products
21	Thermax Senegal S.A.R.L	Senegal	100%	100%	Plant management services
22	First Energy Private Limited*	India	76%	54.67%	Alternative energy solution company
23	Thermax Energy & Environment Philippines Corporation	Philippines	100%	100%	Marketing and sales of component parts of boilers
24	Thermax Energy & Environment Lanka (Private) Limited ^	Sri Lanka	100%	-	Marketing and sales of component parts of boilers
25	Thermax Nigeria Limited	Nigeria	100%	100%	Marketing and sales of component parts of boilers
26	ESOP Trust and Employee Welfare Trusts (72 nos.)**"	India	100%	100%	Employee welfare

Date of acquisition May 4, 2017 (note 36A)

^ Date of incorporation August 8, 2017

* Ownership interest held by non-controlling interest in First Energy Private Limited is 24% as at March 31, 2018 (45.33% as at March 31, 2017) Refer note 36B.

** The Group has ESOP trust and Employee Welfare Trusts 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. As a result, these entities have been consolidated in these financial statements.

1 Thermax Hong Kong Ltd. (wholly owned subsidiary) has not been considered for consolidation as the same has become 'Dormant' company during the year 2009-10.

2 There were no transactions in Thermax Nigeria Ltd (step down subsidiary through Thermax International Ltd) for the year ended March 31, 2018.

3 The non-controlling interest held in First Energy Private Limited is not material to the Group. Hence, the disclosures required under Para 12 of Ind AS 112 Disclosure of Interests in other entities are not considered necessary.

Notes to the consolidated financial statements for the year ended March 31, 2018

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

B Parent entity

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held in the Group		Type
			March 31, 2018	March 31, 2017	
1	RDA Holdings Pvt Ltd	India	53.99%	53.99%	Holding company

The above percentage of shareholding is before elimination of Trust's shareholding.

C Joint Ventures

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest held by the Group		Principal activities
			March 31, 2018	March 31, 2017	
1	Thermax Babcock & Wilcox Energy Solutions Pvt. Limited	India	51%	51%	Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers
2	Thermax SPX Energy Technologies Limited	India	51%	51%	Supply & erection commissioning of Air cooled condenser (ACC), Rotary air Pre-Heater (RAPH), electrostatic precipitator (ESP), Bag Houses

The Company's interest in relation to Thermax Babcock & Wilcox Energy Solutions Pvt Ltd and Thermax SPX Energy Technologies Ltd are subject to joint venture agreements with other venturers. These agreements require unanimous consent from both the venturers for all relevant activities. Accordingly, these entities are subject to joint control. These entities are therefore classified as a joint venture and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The investments listed above are accounted by equity method.

35 Related party disclosures

A For details of Holding company and Joint ventures, 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 Mrs. Anu Aga - Director

3 Mr. Pheroz Pudumjee - Director

4 Mr. Zahaan Pudumjee - Relative of Chairperson / Director

C Enterprises, over which control is exercised by individuals listed in 'B' above:

1 KRA Holdings Private Limited, India

2 Thermax Foundation, India

3 ARA Trusteeship Company Private Limited, India

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

D Key Management Personnel:

1 Mr. M. S. Unnikrishnan - Managing Director and Chief Executive Officer

2 Dr. Raghunath A. Mashelkar - Independent Director

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 (w.e.f. May 30, 2017)

8 Mr. Amitabha Mukhopadhyay - Chief Financial Officer

9 Mr. Kedar Phadke - Company Secretary (w.e.f. August 08, 2017)

E. Transactions with related parties:

Particulars	Joint Ventures		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in B above		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a. Transactions during the year								
Sales of products and services	0.07	0.10	-	-	-	-	0.07	0.10
Miscellaneous income	4.26	0.37	-	-	-	-	4.26	0.37
Recovery of expenses	0.01	1.83	-	-	-	-	0.01	1.83
Purchase of raw material and components	9.55	7.01	-	-	-	-	9.55	7.01
Purchase of property plant and equipment	0.60	-	-	-	-	-	0.60	-
Reimbursement of expenses	-	0.26	-	-	-	-	-	0.26
Remuneration to key management personnel*	-	-	-	-	5.65	5.65	5.65	5.65
Donation	-	-	9.14	8.79	-	-	9.14	8.79
Investment in equity	-	179.84	-	-	-	-	-	179.84
Director's sitting fees	-	-	-	-	0.40	0.44	0.40	0.44
Commission paid	-	-	-	-	2.79	2.32	2.79	2.32
Rent paid	-	-	-	-	0.39	0.39	0.39	0.39

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

Note: Dividend paid to Holding company RDA Holdings Pvt. Ltd., India is Rs. 38.60 (March 31, 2017: Rs. 38.60).

Notes to the consolidated financial statements for the year ended March 31, 2018

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

Particulars	Joint Ventures		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in B above		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
b. Balances as at the year end								
Trade receivables	1.51	1.48	-	-	-	-	1.51	1.48
Advances given	1.30	0.66	-	-	-	-	1.30	0.66
Loans given (including security deposit)	-	-	-	-	0.53	0.53	0.53	0.53
Trade payables and other liabilities	1.31	3.69	-	-	-	-	1.31	3.69

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, 2018	March 31, 2017
Transactions during the year		
Sale of product and services		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	0.07	0.10
Miscellaneous income		
Thermax SPX Energy Technologies Limited, India	4.26	0.37
Recovery of expenses		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	-	0.31
Thermax SPX Energy Technologies Limited, India	0.01	1.52
Purchase of raw material and components		
Thermax SPX Energy Technologies Limited, India	8.46	7.01
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	1.09	-
Purchase of property plant and equipment		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	0.60	-
Reimbursement of expenses		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	-	0.22
Thermax SPX Energy Technologies Limited, India	-	0.04
Remuneration to key management personnel (excluding commission)		
Mr. M. S. Unnikrishnan	3.47	3.27
Mr. Amitabha Mukhopadhyay	2.01	1.88
Donation		
Thermax Foundation, India	9.14	8.79

Notes to the consolidated financial statements for the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
Investment in equity		
Thermax Babcock Wilcox Energy Solutions Pvt. Ltd., India	-	179.84
Directors sitting fees		
Mrs. Meher Pudumjee	0.06	0.07
Mrs. Anu Aga	0.04	0.05
Mr. Pheroz Pudumjee	0.07	0.08
Dr. Valentin A. H. von Massow	0.07	0.09
Dr. Jairam Varadaraj	0.06	0.07
Mr. Nawshir Mirza	0.05	0.06
Commission paid		
Mrs. Meher Pudumjee	0.35	0.35
Mrs. Anu Aga	0.14	0.14
Mr. Pheroz Pudumjee	0.15	0.15
Dr. Valentin A. H. von Massow	0.30	0.24
Dr. Jairam Varadaraj	0.11	0.17
Mr. Nawshir Mirza	0.30	0.30
Mr. Harsh Mariwala	0.17	0.04
Mr. M. S. Unnikrishnan	1.10	0.80
Rent paid		
Mrs. Meher Pudumjee	0.12	0.12
Mrs. Anu Aga	0.15	0.15
Mr. Pheroz Pudumjee	0.12	0.12

Particulars	March 31, 2018	March 31, 2017
Trade receivables		
Thermax SPX Energy Technologies Limited, India	1.43	1.36
Advances given		
Thermax SPX Energy Technologies Limited, India	1.30	0.66
Trade payables		
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	1.19	0.49
Thermax SPX Energy Technologies Limited, India	0.12	3.20
Loans given (including security deposits)		
Mrs. Anu Aga	0.35	0.35
Mr. Pheroz Pudumjee	0.18	0.18

Notes to the consolidated financial statements for the year ended March 31, 2018

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

II. 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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: 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 A Acquisition of Danstoker Poland Spólka Z Ograniczona Odpowiedzialnoscia

I Summary of acquisition

The Group, through its step-down subsidiary in Denmark, acquired 100% stake in Barite Investments Sp. z.o.o., Poland ("Barite"). With this, Barite became a step-down subsidiary of the Company. As part of a definitive agreement entered into with Weiss Sp. z.o.o. in Poland, Thermax acquired the assets and production activities related to boiler manufacturing. The transaction was completed on May 4, 2017, on which date the control has been transferred to the Company for a total consideration of Rs 21.90 and was paid in cash. The acquisition related costs amounted to Rs. 1.24, which have been debited to the Consolidated statement of profit and loss under legal and professional fees.

Post acquisition the name of the company was changed to Danstoker Poland Spólka Z Ograniczona Odpowiedzialnoscia. ("Danstoker Poland Sp. z.o.o.")

The group acquired Danstoker Poland Sp. z.o.o. to gain competitive cost advantage.

The details of purchase consideration, identifiable assets acquired and liabilities assumed, computation of goodwill and other details of acquisition have been summarised in Note II below.

II Details of acquisition

a) The details of purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	
Cash paid	21.90

b) The net assets and liabilities recognised as a result of the acquisition are as follows:

Assets and Liabilities acquired	
Property, plant and equipment	23.23
Other current and non-current assets	0.47
Employee related and finance lease liabilities	(1.80)
Net identifiable assets acquired	**21.90**

c) Calculation of Goodwill

Purchase consideration paid	21.90
Less: Net identifiable assets acquired	21.90
Goodwill	**-**

There were no other acquisitions in the year ended March 31, 2018.

d) Revenue and profit contribution

The acquired business contributed revenues and loss to the group for the period March 31, 2018 as follows:

Revenue from operations of Rs. 14.15 and loss of Rs. 5.00 for the period May 04, 2017 to March 31, 2018.

If the acquisition had occurred on April 1, 2017, consolidated revenue and profit for the year ended March 31, 2018 would have been higher by Rs. 2.08 and Rs. 0.52 respectively.

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

36 B Acquisition of First Energy Private Limited

Summary of acquisition

a) During the year 2015-16, the Group acquired 33.33% of equity stake in First Energy Private Limited (FEPL) for a total consideration of Rs. 19.33. The Group determined that the acquisition resulted in a joint control and therefore accounted for its investment in FEPL as equity accounted investee.

b) Pursuant to an amendment agreement between the Company, FEPL and the shareholders of FEPL, the Group acquired further stake of 21.34% in FEPL at a nominal consideration of Four Rupees (consideration was linked to the performance of FEPL), thus taking total stake to 54.67%. which made it a subsidiary, as at March 31, 2017. The acquisition of control resulted in a goodwill of Rs. 9.60 and intangible assets (Brand and customer list) of Rs.10.23. After acquisition, there was a drastic deterioration in the market for products sold by the subsidiary and management performed an impairment assessment. As a result of this analysis, the Group recorded an impairment loss of Rs. 17.84 which was presented as an exceptional item in the Consolidated statement of profit and loss for the year ended March 31, 2017.

c) During the current year, the Group exercised its option to acquire an additional 21.33% for a nominal consideration for One Rupee. This consideration, like the previous option, was based on the performance of FEPL. The fair value of net assets was 0.38 which was transferred to equity.

37 A. Interest in Joint Ventures

The interest in Thermax Babcock & Wilcox Energy Solutions Pvt Ltd and Thermax SPX Energy Technologies Ltd are accounted for using equity method of accounting.

The summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below:

Summarised balance sheet	Thermax Babcock & Wilcox Energy Solutions Pvt Ltd		Thermax SPX Energy Technologies Ltd	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Current assets				
Cash and cash equivalents	3.98	6.52	8.63	3.43
Other Current assets	128.98	129.59	22.09	23.19
Total current assets	**132.96**	**136.11**	**30.72**	**26.62**
Total Non-current assets	**350.75**	**465.94**	**0.71**	**0.65**
Non-current liabilities				
Financial liabilities	-	-	-	-
Other Non-current liabilities	13.82	11.27	-	-
Total Non-current liabilities	**13.82**	**11.27**	**-**	**-**
Current liabilities				
Financial liabilities	0.32	35.78	8.54	0.39
Other Current liabilities	101.18	141.03	20.86	17.09
Total Current liabilities	**101.50**	**176.81**	**29.40**	**17.48**
Net assets	**368.39**	**413.97**	**2.02**	**9.79**
Group's share in %	51.00%	51.00%	51.00%	51.00%
Carrying amount	**187.88**	**211.12**	**1.03**	**4.99**

Note: The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures 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.

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Reconciliation of investment in joint ventures

Particulars	March 31, 2018	March 31, 2017
Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	187.88	211.12
Thermax SPX Energy Technologies Ltd	1.03	4.99
Total	188.91	216.11
Investments in joint ventures	188.91	216.11

Summarised Statement of Profit and Loss	Thermax Babcock & Wilcox Energy Solutions Pvt Ltd		Thermax SPX Energy Technologies Ltd		First Energy Pvt. Ltd
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	August 31, 2016
Total income (including interest income Rs. 2.72 (March 31, 2017: Rs. 4.53))	147.99	313.69	14.44	27.80	8.24
Cost of raw materials and components consumed	84.56	148.12	17.52	23.12	3.75
Depreciation and amortisation expense	70.16	175.12	0.03	0.03	1.49
Finance costs	1.02	4.72	0.00	0.00	0.03
Employee benefits expense	20.24	35.65	3.10	2.90	2.24
Other expenses	13.64	75.11	1.55	1.57	3.51
Profit/ (loss) before tax	**(41.63)**	**(125.03)**	**(7.76)**	**0.18**	**(2.78)**
Tax Expense	-	-	-	0.05	-
Profit/ (loss) for the year	**(41.63)**	**(125.03)**	**(7.76)**	**0.13**	**(2.78)**
Other comprehensive income	**(3.92)**	**(9.49)**	**0.00**	**0.10**	**0.00**
Total comprehensive income	**(45.55)**	**(134.52)**	**(7.76)**	**0.23**	**(2.78)**
Group's share of profit/ (loss)	**(23.23)**	**(68.61)**	**(3.96)**	**0.12**	**(0.93)**

Reconciliation of share of loss on joint ventures

Particulars	March 31, 2018	March 31, 2017
Thermax share of profit/ (loss) of joint ventures		
Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	(23.23)	(68.61)
Thermax SPX Energy Technologies Ltd	(3.96)	0.12
First Energy Private Limited	-	(0.93)
Total	**(27.19)**	**(69.41)**
Consolidation level adjustments*	(0.10)	(0.83)
Share in Total comprehensive income	**(27.29)**	**(70.25)**
Share in Other comprehensive income	**(2.10)**	**(4.79)**
Share of profit/ (loss) of joint ventures	**(25.19)**	**(65.46)**

* Includes reversal of financial guarantee liability and elimination of unrealised profit/ (loss) on combination of contracts.

Contingent Liabilities

Particulars	March 31, 2018	March 31, 2017
Share of joint venture's contingent liabilities Liability for export obligations (pertains to Thermax Babcock & Wilcox Energy Solutions Pvt Ltd)	1.03	1.03

Thermax Babcock & Wilcox Energy Solutions Pvt Ltd has received various income tax assessment orders pertaining to transfer pricing adjustments. Based on the advice obtained from its tax consultants, its management does not expect any cash outflows in respect of these orders and accordingly the same has not been disclosed as a contingent liability.

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

38 Segment reporting

The Company'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, Mr. M.S. Unnikrishnan 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, Related Services
b) Environment	Air Pollution Control equipment/systems, Water & Waste Recycle Plants, Related Services
c) Chemical	Ion Exchange Resins & Performance Chemicals

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also 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, 2018	March 31, 2017
i	**Segment Revenue**		
	a. Energy	3,497.05	3,624.82
	b. Environment	693.75	699.69
	c. Chemical	360.98	331.91
	Total	**4,551.78**	**4,656.42**
	Less: Inter segment revenue	66.14	66.70
	Sales/ Income From operations	**4,485.64**	**4,589.72**
ii	**Depreciation and amortisation**		
	a. Energy	53.03	49.65
	b. Environment	5.99	6.42
	c. Chemical	12.11	8.26
	d. Unallocated	11.31	17.57
		82.44	**81.90**
iii	**Segment Results**		
	Profit before tax and interest from each segment		
	a. Energy	283.42	322.87
	b. Environment	28.98	38.10
	c. Chemical	54.21	59.16
	Total	**366.61**	**420.13**
	Less : i) Interest	12.85	9.71
	ii) Other unallocable expenditure net of unallocable (income)	(68.28)	(27.17)
	Total profit before tax	**422.04**	**437.59**

Notes to the consolidated financial statements for the year ended March 31, 2018

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

Sr.No.	Particulars	March 31, 2018	March 31, 2017
iv	**Segment Assets**		
	a. Energy	2,893.15	2,574.19
	b. Environment	493.66	454.16
	c. Chemical	354.12	318.92
	d. Unallocated	2,204.10	1,713.20
	Total Assets	**5,945.03**	**5,060.47**
v	**Segment Liabilities**		
	a. Energy	2,518.04	1,856.04
	b. Environment	388.50	367.47
	c. Chemical	63.20	77.49
	d. Unallocated	260.55	220.46
	Total Liabilities	**3,230.29**	**2,521.46**

Reconciliations to amounts reflected in financial statements

Reconciliation of profit

Particulars	March 31, 2018	March 31, 2017
Segment profit	366.61	420.13
Other income	116.39	114.05
Exceptional items	-	(17.84)
Finance cost	(12.85)	(9.71)
Other corporate costs*	(48.11)	(69.04)
Profit before tax	**422.04**	**437.59**

* Mainly includes employee cost, legal and professional expenses, depreciation on unallocable assets

Reconciliation of assets

Particulars	March 31, 2018	March 31, 2017
Segment operating assets	3,740.93	3,347.27
Investments (including investment in joint ventures)	1,405.99	1,015.18
Cash and bank balances	293.99	220.99
Balances with government authorities	335.22	284.57
Income tax assets	102.56	89.88
Other unallocated assets	66.34	102.58
Total assets	**5,945.03**	**5,060.47**

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

Reconciliation of liabilities

Particulars	March 31, 2018	March 31, 2017
Segment operating liabilities	2,969.74	2,301.00
Borrowings	217.25	131.29
Income tax liabilities	12.95	17.17
Other unallocable liabilities	30.35	72.00
Total liabilities	**3,230.29**	**2,521.46**

II **Information about geographic segment**

Revenue from external customers

Particulars	March 31, 2018	March 31, 2017
India	2,691.62	3,004.39
Outside India	1,794.02	1,585.33
Total	**4,485.64**	**4,589.72**

No individual customer contributed more than 10% of total revenue in the current year (Previous year Rs. Nil).

Non-current asset

Particulars	March 31, 2018	March 31, 2017
India	1,262.72	1,192.31
Outside India	291.79	248.53
Total	**1,554.51**	**1,440.84**

39 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,299.24	1,117.81
Loans	22.62	26.48
Finance lease receivables	45.92	42.64
Other financial assets	592.88	613.79
Cash and cash equivalents	246.35	173.01
Bank balances other than cash and cash equivalents	47.64	47.98
Total	**2,254.65**	**2,021.71**
Current assets	2,139.61	1,882.64
Non-current assets	115.04	139.07
Total	**2,254.65**	**2,021.71**

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

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Break-up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	As at March 31, 2017
Investments	1,282.82	866.93
Total	**1,282.82**	**866.93**
Current assets	1,217.08	799.07
Non-current assets	65.74	67.86
Total	**1,282.82**	**866.93**

The fair values of the quoted shares and mutual funds are based on price quotations at the reporting date.

Break-up of derivative assets

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.69	59.72
Derivative not designated as hedges		
Foreign exchange forward contracts	1.58	2.52
Total	**4.27**	**62.24**
Current assets	4.27	62.24
Non-current assets	-	-
Total	**4.27**	**62.24**

Break up of financial liabilities carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Borrowings	217.25	131.29
Trade payables	1,060.48	1,051.64
Employee related payables	59.67	62.77
Other liabilities	95.19	37.14
Total	**1,432.59**	**1,282.84**
Current liabilities	1,352.94	1,184.59
Non-current liabilities	79.65	98.25
Total	**1,432.59**	**1,282.84**

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, currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, 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.

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

Break-up of derivative liabilities

	As at March 31, 2018	As at March 31, 2017
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	2.26	21.76
Derivative not designated as hedges		
Foreign exchange forward contracts	1.27	0.54
Total	**3.53**	**22.30**
Current liabilities	3.53	22.30
Non-current liabilities	-	-
Total	**3.53**	**22.30**

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, 2018

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2018	0.29	-	-	0.29
Preference shares	March 31, 2018	-	-	-	-
Mutual funds	March 31, 2018	-	1,282.53	-	1,282.53
Derivative financial assets	March 31, 2018	-	4.27	-	4.27
Financial liabilities					
Derivative financial liabilities	March 31, 2018	-	3.53	-	3.53

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2017

	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	March 31, 2017	0.40	-	-	0.40
Preference shares	March 31, 2017	-	-	0.02	0.02
Mutual funds	March 31, 2017	-	866.51	-	866.51
Derivative financial assets	March 31, 2017	-	62.24	-	62.24
Financial liabilities					
Derivative financial liabilities	March 31, 2017	-	22.30	-	22.30

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

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no changes from 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.

Notes to the consolidated financial statements for the year ended March 31, 2018

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

40 (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 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, 2018 and March 31, 2017. 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 Group is not currently exposed significantly to such risk as the borrowings are on fixed interest terms.

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised 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, JPY and EUR 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.

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

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD Sensitivity				
INR/ USD - Increase by 1%	0.26	1.60	(6.45)	(6.45)
INR/ USD - Decrease by 1%	(0.26)	(1.60)	6.45	6.45
SEK Sensitivity				
INR/ SEK - Increase by 1%	0.25	0.08	-	(0.47)
INR/ SEK - Decrease by 1%	(0.25)	(0.08)	-	0.47
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.12	0.08	-	(0.47)
INR/ JPY - Decrease by 1%	(0.12)	(0.08)	-	0.47
EURO Sensitivity				
INR/ EUR - Increase by 1%	1.22	3.78	1.81	1.30
INR/ EUR - Decrease by 1%	(1.22)	(3.78)	(1.81)	(1.30)

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 equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Holding Company's Board of Directors reviews and approves all equity investment decisions.

As at balance sheet, the exposure to equity shares at fair value was Rs. 0.29 (March 31, 2017: Rs 0.40). At the reporting date, an increase / decrease of 10% market index would have a impact of approx. gain / loss of Rs. 0.03 (March 31, 2017: Rs 0.04) respectively on statement of profit and loss.

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 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 Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. 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 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.The Group's maximum exposure to credit risk for bank balances and deposits as at March 31, 2018 and March 31, 2017 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial guarantees is disclosed in note 31 and financial derivative instruments in notes 9(b) and 18(b) to the financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

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 Group'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 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, 2018	< 1 year	1 to 3 years	> 3 years	Total
Non- derivative				
Borrowings	164.24	16.90	36.11	**217.25**
Trade Payables	1,038.60	21.88	-	**1,060.48**
Other financial liabilities				
Current maturities of long-tem borrowings	16.15	-	-	**16.15**
Interest accrued but not due on loans	-	-	-	**-**
Unpaid dividend	0.81	-	-	**0.81**
Other payables	133.14	1.42	3.34	**137.90**
Derivatives (net settled)				
Foreign exchange forward contracts	3.53	-	-	**3.53**

March 31, 2017	< 1 year	1 to 3 years	> 3 years	Total
Non- derivative				
Borrowings	85.27	32.20	13.82	**131.29**
Trade Payables	1,004.19	47.45	-	**1,051.64**
Other financial liabilities				
Current maturities of long-tem borrowings	4.16	-	-	**4.16**
Interest accrued but not due on loans	0.01	-	-	**0.01**
Unpaid dividend	0.77	-	-	**0.77**
Other payables	90.19	2.31	2.47	**94.97**
Derivatives (net settled)				
Foreign exchange forward contracts	22.30	-	-	**22.30**

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

40 (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, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	4.27	(3.53)	62.24	(55.40)

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 are as mentioned below:

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	995.53	(9.30)	1,079.71	(143.05)
Derivatives not designated as hedges				
Foreign exchange forward contracts	334.48	(82.44)	81.49	(12.22)

All the derivative contracts expire in next 12 months.

The cash flow hedges of the expected future sales during the year ended March 31, 2018 were assessed to be highly effective and a net unrealised gain of Rs. 0.26 (March 31, 2017: Rs. 41.45), with a deferred tax liability of Rs. 0.09 (March 31, 2017: Rs. 14.35) relating to the hedging instruments, is included in OCI. The cash flow hedges of the expected future purchases during the year ended March 31, 2018 were assessed to be highly effective, and as at March 31, 2018, a net unrealised loss of Rs. Nil (March 31, 2017: Rs. 11.60) with a related deferred tax asset of Rs. Nil (March 31, 2017: Rs. 4.02) was included in OCI in respect of these contracts.The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2019.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 period are as follows:

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	1.92	-	2.02

The nominal value of interest rate swap are:

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	-	10.21	-	9.44

Notes to the consolidated financial statements for the year ended March 31, 2018
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

41 Capital Management

The Group's objective for capital management is to maximise 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, 2018 and March 31, 2017. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2018	March 31, 2017
Borrowings	217.25	131.29
Trade payables	1,060.48	1,051.64
Book overdraft	37.90	-
Less: Cash and cash equivalents	246.35	173.01
Net debt	**1,069.28**	**1,009.92**
Equity	2,714.74	2,539.01
Capital and net debt	**3,784.02**	**3,548.93**
Gearing ratio	**1 : 3.54**	**1 : 3.51**

42 (a) Standards issued but not yet effective

Ind AS 115, Revenue from Contracts with Customers:

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Group. Ind AS 115 is effective for the Group (in the first quarter of financial year 2018-19) using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Group expects there may be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Group begins delivering services and recognizing that amount over the contractual period. The Group also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The Group is assessing the effect of this on the consolidated financial statements. Other amendments are not applicable and hence not disclosed here.

42 (b) Event after reporting date

The Group has entered into a preliminary understanding with Babcock & Wilcox India Holdings Inc. (B&W) to acquire the shareholding of the latter in the Joint Venture, Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES). The parties are working towards a definitive agreement to conclude the transaction.

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Notes to the consolidated financial statements for the year ended March 31, 2018

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

43 Additional information required by Schedule III

Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2018

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	94.50%	2,565.56	102.65%	238.25	13.28%	3.59	93.32%	241.84
Indian subsidiaries								
Thermax Engineering Construction Co. Ltd.	1.66%	44.98	3.14%	7.30	1.23%	0.33	2.94%	7.63
Thermax Instrumentation Limited	0.96%	25.99	5.33%	12.37	2.63%	0.71	5.05%	13.08
Thermax Onsite Energy Solutions Limited	1.76%	47.83	4.34%	10.08	0.02%	0.01	3.89%	10.09
Thermax Sustainable Energy Solutions Limited	0.00%	0.09	0.01%	0.02	0.00%	-	0.01%	0.02
First Energy Private Limited	(0.09%)	(2.54)	(3.48%)	(8.08)	0.20%	0.05	(3.10%)	(8.03)
Foreign subsidiaries								
Thermax International Limited	0.38%	10.34	0.81%	1.88	0.00%	-	0.73%	1.88
Thermax Europe Limited	1.78%	48.42	1.28%	2.97	0.00%	-	1.15%	2.97
Thermax Inc.	1.33%	36.17	2.30%	5.35	0.00%	-	2.06%	5.35
Thermax do Brasil-Energia e Equipamentos Ltda.	0.02%	0.44	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	0.08%	2.25	(7.61%)	(17.66)	0.00%	-	(6.82%)	(17.66)
Thermax Netherlands B.V.	6.58%	178.54	(0.12%)	(0.27)	0.00%	-	(0.10%)	(0.27)
Thermax Denmark ApS	4.79%	130.03	(4.15%)	(9.63)	0.00%	-	(3.72%)	(9.63)
Rifox-Hans Richter GmbH Spezialarmaturen	0.11%	3.07	0.13%	0.31	0.00%	-	0.12%	0.31
Thermax Sdn.Bhd	0.05%	1.23	0.05%	0.11	0.00%	-	0.04%	0.11
PT Thermax International Indonesia	2.72%	73.89	(5.46%)	(12.68)	(0.08%)	(0.02)	(4.90%)	(12.70)
Thermax Engineering Singapore Pte. Ltd.	4.26%	115.76	(0.15%)	(0.35)	0.00%	-	(0.14%)	(0.35)
Thermax Senegal S.A.R.L	0.13%	3.56	0.39%	0.91	0.00%	-	0.35%	0.91
Thermax Energy & Environment Philippines Corporation	0.04%	1.00	(0.64%)	(1.49)	0.00%	-	(0.57%)	(1.49)
Thermax Nigeria Limited	0.00%	(0.06)	(0.01%)	(0.03)		-		(0.03)
Thermax Energy and Environment Lanka (Pvt) Limited	0.23%	6.16	(0.11%)	(0.26)		-		(0.26)
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts (72 nos.)	3.28%	88.98	3.84%	8.92	0.00%	-	3.44%	8.92
Joint Ventures (investment as per the equity method)								
Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	13.57%	368.39	(17.94%)	(41.63)	(14.46%	(3.91)	(17.57%)	(45.54)
Thermax SPX Energy Technologies Ltd	0.07%	2.02	(3.34%)	(7.76)	0.01%	0.00	(3.00%)	(7.76)
Non controlling interest in all subsidiaries	0.00%	-	(0.44%)	(1.01)	0.00%		(0.39%)	(1.01)
Consolidation Adjustments	(38.21%)	(1,037.36)	19.17%	44.51	97.18%	26.27	27.20%	70.48
Total	**100.00%**	2,714.74	**100.00%**	232.11	**100.00%**	27.03	**100.00%**	259.14

Notes to the consolidated financial statements for the year ended March 31, 2018

(All amounts are in Rupees Crores, 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, 2017

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	94.91%	2,409.76	64.94%	144.83	(46.06%)	8.82	75.37%	153.65
Indian subsidiaries								
Thermax Engineering Construction Co. Ltd.	1.47%	37.35	0.15%	0.34	(1.75%)	0.34	0.33%	0.68
Thermax Instrumentation Limited	0.45%	11.31	4.96%	11.07	2.74%	(0.52)	5.18%	10.55
Thermax Onsite Energy Solutions Limited	1.49%	37.74	3.47%	7.75	0.09%	(0.02)	3.79%	7.73
Thermax Sustainable Energy Solutions Limited	0.00%	0.07	0.04%	0.08	0.00%	-	0.04%	0.08
First Energy Private Limited	0.17%	4.27	(2.20%)	(4.92)	0.00%	-	(2.41%)	(4.92)
Foreign subsidiaries								
Thermax International Limited	0.33%	8.40	1.70%	3.78	0.00%	-	1.86%	3.78
Thermax Europe Limited	1.59%	40.28	2.63%	5.87	0.00%	-	2.88%	5.87
Thermax Inc.	1.21%	30.62	2.06%	4.59	0.00%	-	2.25%	4.59
Thermax do Brasil-Energia e Equipamentos Ltda.	0.02%	0.47	(0.02%)	(0.05)	0.00%	-	(0.03%)	(0.05)
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	0.75%	19.14	(4.44%)	(9.91)	0.00%	-	(4.86%)	(9.91)
Thermax Netherlands B.V.	5.51%	139.95	(0.11%)	(0.24)	0.00%	-	(0.12%)	(0.24)
Thermax Denmark ApS	4.20%	106.71	2.60%	5.79	0.00%	-	2.84%	5.79
Rifox-Hans Richter GmbH Spezialarmaturen	0.09%	2.35	(1.26%)	(2.82)	0.00%	-	(1.38%)	(2.82)
Thermax Sdn.Bhd	0.04%	0.96	0.03%	0.07	0.00%	-	0.03%	0.07
PT Thermax International Indonesia	3.50%	88.86	(3.53%)	(7.88)	0.00%	-	(3.87%)	(7.88)
Thermax Engineering Singapore Pte. Ltd.	4.30%	109.05	(0.13%)	(0.28)	0.00%	-	(0.14%)	(0.28)
Thermax Senegal S.A.R.L	0.16%	4.04	0.99%	2.21	0.00%	-	1.08%	2.21
Thermax Energy & Environment Philippines Corporation	0.03%	0.88	(0.16%)	(0.35)	0.00%	-	(0.17%)	(0.35)
Controlled Trusts								
ESOP Trust and Employee Welfare Trusts (72 nos.)	3.16%	80.15	3.85%	8.58	0.00%	-	4.21%	8.58
Joint Ventures (investment as per the equity method)								
Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	8.32%	211.12	(28.59%)	(63.77)	25.28%	(4.84)	(33.65%)	(68.61)
Thermax SPX Energy Technologies Ltd	0.20%	4.99	0.03%	0.07	(0.27%)	0.05	0.06%	0.12
First Energy Private Limited*	0.00%	-	(0.42%)	(0.93)	0.00%	-	(0.45%)	(0.93)
Non controlling interest in all subsidiaries	(0.05%)	(1.39)	(3.08%)	(6.87)	0.00%	-	(3.37%)	(6.87)
Consolidation Adjustments	(31.83%)	(808.07)	56.50%	126.00	119.96%	(22.98)	50.53%	103.02
Total	**100.00%**	**2,539.01**	**100.00%**	**223.01**	**100.00%**	**(19.15)**	**100.00%**	**203.86**

* The entity became a subsidiary pursuant to acquisition of additional stake on August 31, 2016.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place : Pune
Date : May 18, 2018

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

FORM AOC- I

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures Pursuant to firts proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014.

Part "A" : Subsidiaries

Rs. in Crore

Particulars	Date 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 2018
Thermax Sustainable Energy Solutions Ltd.		4.75	(8.66)	4.03	7.94	0.00	0.00	0.02	0.00	0.02	-	100.00	INR	
Thermax Engineering Construction Co. Ltd.		4.50	40.48	99.92	54.94	0.00	100.71	17.57	10.27	7.30	-	100.00	INR	
Thermax Instrumentation Ltd.		9.00	16.99	135.23	109.24	27.02	106.77	21.20	8.83	12.37	-	100.00	INR	
Thermax Onsite Energy Solutions Ltd.		18.65	29.18	82.86	35.02	0.00	57.08	13.87	3.78	10.08	-	100.00	INR	
First Energy Private Limited	31-Aug-16	13.47	(16.01)	16.44	18.98	3.10	19.41	(8.08)	-	(8.08)	-	76.00	INR	
Thermax International Ltd. (Mauritius)		11.05	(0.70)	10.43	0.09	4.54	0.00	1.96	0.06	1.90	-	100.00	USD	65.17
Thermax Europe Ltd. (U.K.)		1.83	46.59	66.63	18.21	0.00	63.07	4.27	1.08	3.19	-	100.00	GBP	91.37
Thermax Inc. (U.S.A.)		3.26	32.92	55.21	19.04	0.00	107.83	8.68	3.27	5.40	-	100.00	USD	65.17
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)		2.14	(1.71)	0.48	0.04	0.00	0.16	(0.01)	0.00	(0.01)	-	100.00	Brazilian Real	19.72
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China)#		93.23	(83.94)	71.27	61.98	0.00	64.01	(10.55)	0.00	(10.55)	-	100.00	Yuan	9.81*
Thermax Denmark ApS. (Denmark)		96.78	10.36	157.42	50.28	151.10	0.00	(18.22)	0.33	17.89	-	100.00	DKK	10.77
Thermax Netherlands BV. (Netherland)		180.71	(2.17)	178.77	0.23	176.87	0.00	(0.29)	0.00	(0.29)	-	100.00	EUR	80.32
Danstoker A/S (Denmark)	1-Oct-10	10.77	27.25	118.35	80.32	0.66	147.48	(15.19)	2.00	(13.19)	-	100.00	DKK	10.77
Ejendomsanp-artsselskabet Industrivej Nord 13 (Denmark)	1-Oct-10	0.22	18.33	42.42	23.87	6.66	4.42	4.34	(0.59)	3.75	-	100.00	DKK	10.77
Boilerworks A/S (Denmark)		0.54	0.12	39.62	38.96	0.00	148.15	0.14	0.02	0.11	-	100.00	DKK	10.77
Boilerworks Properties ApS (Denmark)		0.09	6.57	9.18	2.53	0.00	2.11	2.14	0.47	1.67	-	100.00	DKK	10.77
Rifox-Hans Richter GmbH Spezialarmaturen,(Germany)	1-Apr-12	5.75	(2.69)	12.52	9.45	0.00	26.95	0.33	0.00	0.33	-	100.00	EUR	80.32
Thermax SDN.BHD, (Malaysia)		0.84	0.39	1.34	0.11	0.00	2.23	0.12	0.00	0.12	-	100.00	Malaysian Ringet	16.86
Thermax Engineering Singapore Pte. Ltd, (Singapore)		116.00	(0.24)	115.96	0.20	112.00	(0.01)	(0.35)	0.00	(0.35)	-	100.00	USD	65.17
PT Thermax International Indonesia, (Indonesia)		99.39	(25.52)	85.94	12.07	0.00	1.65	(12.51)	0.00	(12.51)	-	100.00	Indonesian Rupiah	0.0047
Thermax Senegal S.A.R.L#, (Senegal)		47.37	4.38	7.70	(44.05)	0.00	11.18	3.31	0.71	2.60	2.12	100.00	West African Franc	0.12*
Thermax Energy and Environment Philippines Corporation, (Philippines)		2.88	(1.85)	1.29	0.26	0.00	0.43	(2.11)	(0.62)	(1.49)	-	100.00	PHP	1.28
Thermax Nigeria Limited, (Nigeria)		0.00	(0.06)	0.00	0.06	0.00	0.00	(0.03)	0.00	(0.03)	-	100.00	NGN	0.21
Thermax Energy and Environment Lanka (Pvt) Limited, (Sri Lanka)		6.42	(0.27)	6.17	0.02	0.00	0.00	(0.27)	0.00	(0.27)	-	100.00	LKR	0.42
Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia #, (Poland)	4-May-17	0.01	(2.10)	53.92	56.01	0.00	14.40	(2.34)	(0.24)	(2.10)	-	100.00	PLN	18.23*

Notes :

i) The reporting period of Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia (Poland), Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China) and Thermax Senegal S.A.R.L (Senegal) is 2017, whereas the same for all other subsidiaries is 2017-18

ii) 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.

iii) 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

iv) Thermax Hong Kong Ltd. has been registered for dormancy as per laws of Hong Kong hence not included in the above statement.

For the year ended December 31, 2017

* Exchange Rate as on December 31, 2017

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. in Crore

	Particulars	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	Thermax SPX Energy Technologies Ltd.
1	Latest Audited Balance Sheet Date	31-Mar-18	31-Mar-18
2	Date of acquisition*	N.A	N.A
3	Shares of Joint Ventures held by the Company on the year end		
	i) Number	42,71,91,300	1,02,00,000
	ii) Amount of Investment in Joint Venture	324.00	10.00
	iii) Extent of Holding %	51	51
4	Description of how there is significant influence	The company holds 51% shareholdings and entitled to exercise joint control over this entity	The company holds 51% shareholdings and entitled to exercise joint control over this entity
5	Reason why the joint venture is not consolidated	N.A.	N.A.
6	Net Worth attributable to shareholding as per latest Balance Sheet	187.88	1.03
7	Profit/(Loss) for the year#		
	i) Considered in Consolidation	(21.23)	(3.96)
	ii) Not considered in Consolidation	(20.40)	(3.80)

* Date of incorporation for Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. is 26-Jun-2010 and for Thermax SPX Energy Technologies Ltd. 6- Oct- 2009.

Please refer note 37A of consolidated financial statements

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

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President
and Group Chief Financial Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 18, 2018

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Sustainable Solutions
in Energy & Environment

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