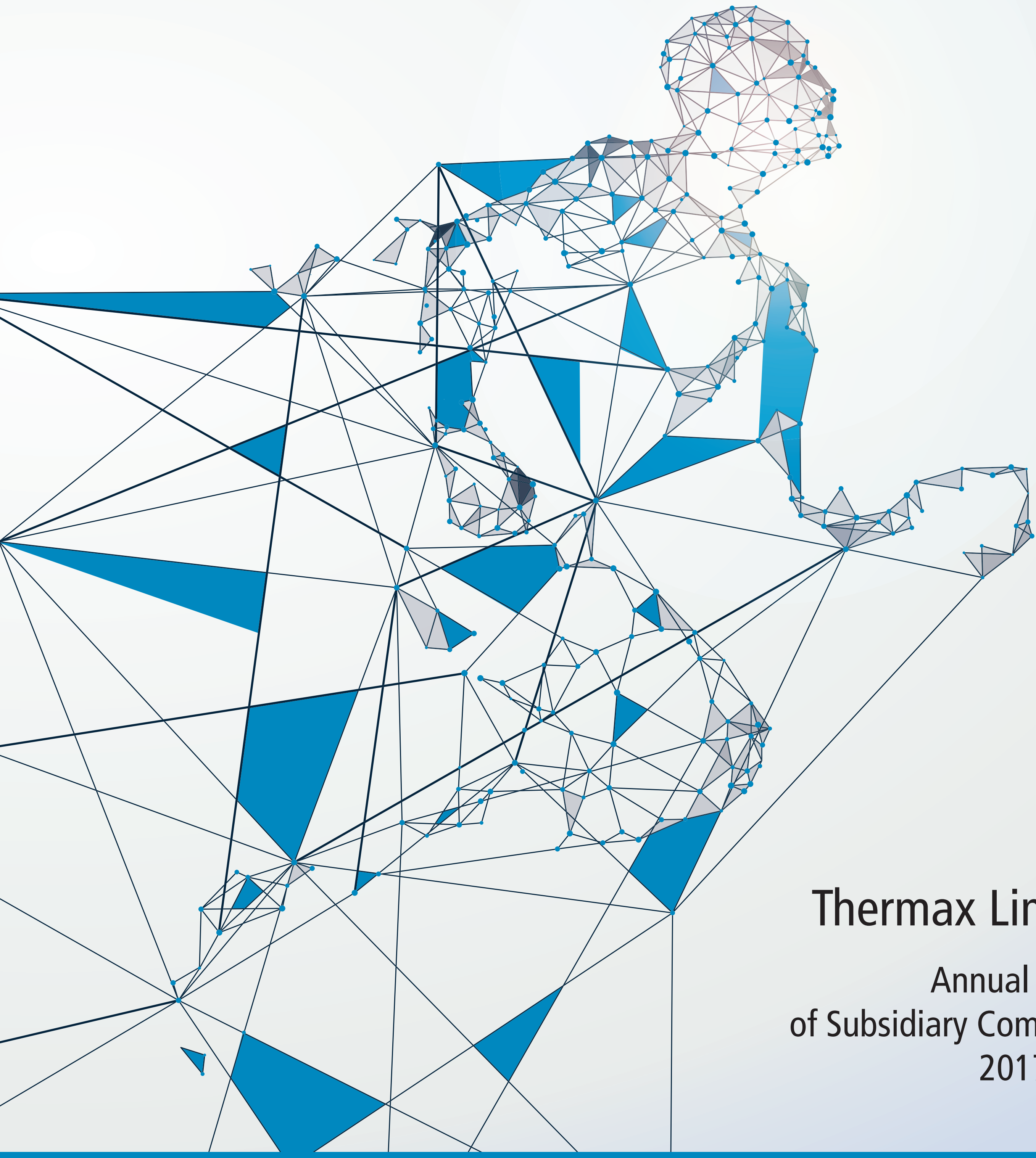

Thermax Limited

Annual Report
of Subsidiary Companies
2017-2018

S U B S I D I A R I E S

DOMESTIC

OVERSEAS

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors

Ravinder Advani
Pravin Karve
Amitabha Mukhopadhyay
A. K. Joshi- Independent Director
Ajay Joshi- Independent Director

Registered Office

Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune - 411003

Auditors

SRBC & Co. LLP, Chartered Accountants
C -401, 4th Floor, Panchshil Tech Park,
Near Don Bosco School, Yerwada,
Pune - 411006

Chief Executive Officer

Upsen Umale

Corporate Office

Energy House, D-II Block,
Plot No. 38 &39,
MIDC Chinchwad
Pune-411009

Bankers

Union Bank of India
HDFC Bank Limited
State Bank of India

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty-seventh Annual Report of the company for the year ended March 31, 2018

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2017-18	2016-17
Total Income	**10359.67**	23848.52
Profit before depreciation	**1799.81**	241.80
Depreciation	**42.47**	189.51
Profit before tax	**1757.34**	52.29
Provision for taxation including deferred tax	**1026.79**	17.95
Profit after tax	**730.55**	34.34

STATE OF COMPANY'S AFFAIRS

For the year under review, the company's total income is Rs. 10359.67 lakh compared to Rs. 23848.52 lakh in the previous year. The company's profit before tax is Rs 1757.34 lakh (previous year, Rs. 52.29 lakh) and profit after tax of Rs. 730.55 lakh (previous year Rs. 34.34 lakh). The company has erected about 15166 tons (previous year 20840 tons) of boiler equipment during the year.

The company's year-end order balance is Rs. 5268 lakh, which is lower than the previous year's order balance of Rs. 9601 lakh due to continued sluggishness in the capital goods market during the year. The company's management is focusing on increasing efficiency at sites as well as controlling costs to maintain and increase margins. It is also focusing to expand its scope of services in Balance of Plant and other process equipment construction.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the company.

HEALTH AND SAFETY

Health and safety at project sites is of paramount importance to the company. The company strives for continuous improvement and its objective is to establish world class safety practices at sites. Safety culture is inculcated as part of day to day operations by site managers. During the year, a month long campaign on "Monsoon Safety", "Electrical Safety" was conducted at various sites. OHSAS 18001:2007 continues to be implemented at sites in addition to being implemented at the Head Office. As a result of the special focus on health and safety, the company has received appreciation from the "National Safety Council of India" for safety implementation and safe man-hours at sites.

The Company has also received appreciation from Reliance Industries Limited for "Being Our Most Conscious Business Partner" for project work at Patalgaga site in Maharashtra.

DIVIDEND

The Directors have recommended a dividend of Rs.22.22/- (222.2%) per equity share of face value Rs.10/- each for distribution out of the profits of the Company for the financial year ended March 31, 2018.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The company does not propose to carry any amount to reserves.

SHARE CAPITAL

The Paid up Share Capital of the company is Rs. 450 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the company did not give any loan or made an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

BUSINESS RISK MANAGEMENT

In order to reduce impact of business risks on the company, the management has identified key risks affecting the business adversely. The key risks identified are as under:

- Delay in execution due to default of contractors.
- Delay in execution due to unforeseen site conditions including natural calamities.
- Delay in recovery of retention amounts from customers.
- Cost overrun due to delays as well as unforeseen site related factors such as access, approach roads, soil condition etc.

The company has put in place several mitigation measures such as:

- Vendor evaluation and analysis prior to awarding the contract.
- Site visit prior to making a quotation.
- Frequent review of retention obligations.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Internal Auditor of the company releases the schedule of audit for checking the adequacy of identified Internal Financial Controls and processes which is carried out by the specialised audit firm and the report is submitted to the audit committee for review and suggestions, if any, for improvement.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board had adopted a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as "Annexure 1" and forms part of this report.

DIRECTORS

Mr. Ajay Joshi and Mr. Ashok K. Joshi have been re-appointed as Independent directors on the Board of your company on March 31, 2018 for a period of five years commencing from March 31, 2018 to March 30, 2023.

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ravinder Advani retires by rotation, and being eligible, offers himself for re-appointment as director.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

BOARD MEETINGS

The Board met four times on May 04, 2017, July 27, 2017, October 31, 2017 and January 23, 2018 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 1st October 2017. The Company is in compliance with the revised secretarial standards."

COMMITTEES OF THE BOARD

The Board has constituted following committees viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

AUDIT COMMITTEE

The Committee met four times during the year on May 04, 2017, July 27, 2017, October 31, 2017 and January 23, 2018, where all the members were present. The Committee comprises 3 (Three) members, all being non-executive Directors namely Mr. Ajay Joshi (Chairman), Mr. Ashok K. Joshi and Mr. Amitabha Mukhopadhyay

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises three members, all being non-executive Directors namely Mr. Pravin Karve (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi, where all the members were present. The Committee met twice during the year on July 27, 2017 and January 23, 2018.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with Section 135 of the Companies Act, 2013, the Board has constituted "Corporate Social Responsibility (CSR) Committee". The Committee met once during the year on January 23, 2018, where all the members were present. The Committee comprises three members namely Mr. Ashok K. Joshi (Chairman), Mr. Pravin Karve and Mr. Amitabha Mukhopadhyay.

As part of its initiatives under CSR, the Company has donated Rs. 6.95 Lakh to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 2".

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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. Therefore requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9, as required under Section 92, of the Companies Act, 2013, is annexed herewith as "Annexure 3" and forms part of this report

CONSERVATION OF ENERGY

The company's Head Office is in Energy House in Chinchwad, owned by the holding company which undertakes various measures to conserve energy. At sites, the company uses energy saving bulbs for lighting of stores & site offices and the construction power through grid is sought from the customer, wherever practically possible instead of deploying costly and polluting DG sets for power generation.

TECHNOLOGICAL ABSORPTION

There was no technology acquisition and absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year.

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

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 and its future operations.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company is committed to provide a safe and conductive work environment to its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

AUDITORS

M/s. SRBC & Co. LLP, Chartered Accountants are the statutory auditors of the company till the conclusion of 28th Annual General Meeting.

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to thank its customers, bankers, employees and all other stakeholders for their persistent support to the company. The Directors look forward to their continued co-operation in the future as well.

For and on behalf of the Board of Directors of
Thermax Engineering Construction Company Limited

	Amitabha Mukhopadhyay	**Pravin Karve**
	Director	Director
Pune, May 05, 2018	DIN:01806781	DIN:06714708

Annexure - 1

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES

The Nomination & Remuneration (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding company. It was also decided that considering the nature of business of the company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the company and its employees. This Policy is based on the above TOR of NRC:

(1) Criteria for selection and appointment of Directors:

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

(2) Remuneration:

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding company and do not receive any remuneration or sitting fees.

The overall remuneration shall be in accordance with Sec. 197 and other applicable provisions & rules made thereunder from time to time.

(3) Remuneration Policy for Senior Management, KMPs and employees:

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow Holding Company's Criteria as some of the KMPs are designated by the holding company:

(i) The remuneration is divided into Fixed component & Variable component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the holding company.

Annexure - 2

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

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

   The Board of Directors, after taking into account the recommendations of the CSR Committee, has approved the CSR Policy as required under section 135(4) of the Companies Act, 2013. Following is a brief outline of the said CSR Policy.

   The Company has decided to adopt the CSR Policy of the holding company which predominantly keeps focus in the area of education of economically underprivileged children.

   Apart from education, the holding company is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability initiatives.

   The holding company has created a formal structure to design and implement its CSR programme and the company has decided to support the initiative of the holding company.

2. **The Composition of the CSR Committee.**

   Corporate Social Responsibility (CSR) Committee comprises as follows:

   1. Mr. Ashok K. Joshi (Chairman)
   2. Mr. Pravin Karve
   3. Mr. Amitabha Mukhopadhyay

3. **Average net profit of the company for last three financial years**

   The average net profit of the Company for the last three financial years is Rs. 347.5 Lakh.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**

   Prescribed CSR Expenditure is Rs. 6.95 Lakh (2% of Rs. 347.5 Lakh). Amount contributed to Thermax Foundation is Rs. 6.95 Lakh.

5. **Details of CSR spent during the financial year.**

   a) Total amount donated: Rs. 6.95 Lakh

   b) Total amount to be spent for the financial year: Rs. 6.95 Lakh

6. **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 company has donated its CSR contribution to Thermax Foundation on January 23, 2018. The company along with the holding company monitors the CSR spent on the approved Projects.

7. **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.

Upsen Umale	**Ashok K. Joshi**
(CEO)	(Chairman of the CSR Committee)
	DIN: 02296952

ANNEXURE 3

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	:	U29246MH1991PLC062959
II.	Registration Date	:	14.08.1991
III.	Name of the Company	:	Thermax Engineering Construction Company Limited
IV.	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V.	Address of the Registered office and contact details	:	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune- 411003
VI.	Whether listed company	:	No
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Installation of industrial machinery and equipment	33200	100%

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	100	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govnt(s)	-	-	-	-	-	-	-	-	-
c) State Govnt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	4499940	4499940	100	-	4499940	4499940	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**4499940**	**4499940**	**100**	**-**	**4499940**	**4499940**	**100**	**0**
(2) Foreign	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total share holding of Promoter (A) = (A) (1) + (A) (2)	**-**	**4499940**	**4499940**	**100**	**-**	**4499940**	**4499940**	**100**	**-**

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	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt(s)									
d) State Govt(s)	- - - - - - - - - - - - - - - - - - NIL - - - - - - - - - - - - - - - - - -								
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1)									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	- - - - - - - - - - - - - - - - - - NIL - - - - - - - - - - - - - - - - - -								
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	60	60	0	-	60	60	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1lakh									
c) Others (specify)									
- Directors Relative									
- Trusts	- - - - - - - - - - - - - - - - - - NIL - - - - - - - - - - - - - - - - - -								
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2)	**-**	**60**	**60**	**0**	**-**	**60**	**60**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**-**	**60**	**60**	**100**	**-**	**60**	**60**	**100**	**0**
C) Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**4500000**	**4500000**	**100**	**-**	**4500000**	**4500000**	**100**	**0**

(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	Thermax Limited	4499940	100	NIL	4499940	100	NIL	NIL
2	**TOTAL**	**4499940**	**100**	**NIL**	**4499940**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: NIL

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	No. of Shares	% of total Shares of the Company
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No	Name of the shareholder	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
------------------------------------NIL------------------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the shareholder	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
1	Ravinder Advani	10	0	--	--	--	10	0

V. INDEBTEDNESS

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

(Amount in Rs. Lakh)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)					
i)	Principal Amount	197.72	3100.00	0	3297.72
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	78.96	0	78.96
Total (i+ii+iii)		**197.72**	**3178.96**	**0**	**3376.68**
Change in indebtedness during the financial year					
Addition		0	0	0	0
Reduction		197.72	3028.96	0	3226.68
Net Change		**197.72**	**3028.96**	**0**	**3226.68**
Indebtedness at the end of the financial year (31.03.2018)					
i)	Principal Amount	0	150.00	0	150.00
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	0	0	0
Total (i+ii+iii)		**0**	**150.00**	**0**	**150.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. Lakh)

	Particulars	Total Amount
1.	Gross salary	----- NIL -----
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - - as % of profit - others, specify…	
5.	Others, please specify	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

(Amount in Rs. Lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Ajay Joshi	Ashok k. Joshi	-	-	-
	Fee for attending board / committee meetings	3.4	3.7	-	-	7.1
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	3.4	3.7	-	-	7.1
2.	Other Non-Executive Directors	Amitabha Mukhopadhyay	Pravin Karve	Ravinder Advani		
	Fee for attending board / Committee meetings	-------------------------------------NIL-------------------------------------				
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises					
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director:

(Amount in Rs. lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Mr. Upsen Umale (CEO)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43.57
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.13
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	--
2.	Stock Option	--
3.	Sweat Equity	--
4.	Commission - as% of profit - Others, specify	--
5.	Others, please specify	
	Total	44.70

VII. 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			---------------------NIL-------------------		
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
Thermax Engineering Construction Company Limited

	Amitabha Mukhopadhyay	**Pravin Karve**
Place : Pune	Director	Director
Date : May 05, 2018	DIN: 01806781	DIN: 06714708

Independent Auditor's Report

To the Members of Thermax Engineering Construction Company Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Thermax Engineering Construction Company 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 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 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 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 Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI), 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 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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.

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 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) 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;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) 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 on its Ind AS financial statements – Refer Note 27 to the 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 – Refer Note 16 to the Ind AS financial statements. The Company did not enter into any derivative contracts during the year;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

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 10 (c) of the 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 5, 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 Engineering Construction Company 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, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3 (i) (c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

(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) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to excise duty and customs duty are not applicable to the Company.

(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, value added tax, goods and services 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 the dues (including interest and penalty as applicable)	Amount (Rs. in Lakhs)^	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Disallowance of expenditure	231.16	AY 2004-05 to 2012-13	Income Tax Appellate Tribunal
Income-tax Act, 1961	Disallowance of expenditure	4022	AY 2015-16	Commissioner of Income Tax (Appeals)
Uttar Pradesh Trade Act, 1948	Demand for State Sales tax	28.36 (Net of Rs 11.21 paid under protest)	FY 2004-05 and 2005-06	Joint Commissioner (Appeal), Ghaziabad
Uttar Pradesh Value Added Tax Act, 2008	Demand for Value added tax	59.57	FY 2013-14	Deputy Commissioner, Ghaziabad, Department of Commercial Taxes, Government of Uttar Pradesh
Rajasthan Value Added Tax Act, 2008	Demand for Value added tax	4.72	FY 2002-03	Deputy Commissioner, (Appeal), Ajmer Rajasthan
Andhra Pradesh Value Added Tax Act, 2005	Demand for Value added tax	4.47	FY 2006-07 to 2008-09	Sales Tax Appellate Tribunal, Hyderabad
Telangana Value Added Tax Act, 2005	Demand for Value added tax	2.06	FY 2010-11 to 2013-14	Deputy Commissioner, Department of Commercial Taxes
West Bengal Value Added Tax Act, 2003	Demand for Value added tax	48.44	FY 2011-12	West Bengal Commercial Taxes Appellate.
Service Tax (Finance Act, 1994)	Dispute on demand for service tax on deemed material	660.35 (Net of Rs. 110.36 paid under protest)	FY 2008-09 to 2015-16	
	Dispute on Service tax on advance from Customer	315.88	FY 2009-10	
	Dispute regarding adjustment of excess service tax paid against tax liability in subsequent period	45.49	FY 2010-11	
Service Tax (Finance Act, 1994)	Dispute regarding service tax on notice pay recovery	2.81	FY 2012 to 16	Custom, Excise and Service Tax Appellate Tribunal

^Excluding interest and penalty, if any, there on.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any dues to debenture holders during the year.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no 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 Companies Act 2013 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 5, 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')

To the Members of **Thermax Engineering Construction Company Limited**

We have audited the internal financial controls over financial reporting of **Thermax Engineering Construction Company Limited** ('the Company') as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the 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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control 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, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 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 5, 2018

Balance Sheet as at March 31, 2018

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

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	3	32.52	73.74
Intangible assets	4	-	0.51
Financial assets			
Other financial assets	7 (a)	3.32	2.89
Deferred tax assets (net)	8(b)	-	716.58
Income-tax assets (net)		2,269.55	2,153.63
Other non-current assets	9 (a)	181.64	207.39
Total non-current assets		**2,487.03**	**3,154.74**
II. Current assets			
Financial assets			
(a) Trade receivables	5	4,531.03	3,927.97
(b) Cash and cash equivalents	10 (a)	769.51	108.63
(c) Loans	6	48.41	70.90
(d) Other financial assets	7 (b)	1,203.22	5,987.45
Other current assets	9 (b)	953.50	1,187.15
Total current assets		**7,505.67**	**11,282.10**
Total assets		**9,992.70**	**14,436.84**
Equity and liabilities			
I. Equity			
Equity share capital	11	450.00	450.00
Other equity	12	4,048.59	3,284.85
Total equity		**4,498.59**	**3,734.85**
II. Non-current liabilities			
Financial liabilities			
Trade payables	14 (a)	13.41	1,058.08
Total non-current liabilities		**13.41**	**1,058.08**
III. Current liabilities			
Financial liabilities			
(a) Borrowings	13	150.00	3,297.72
(b) Trade payables	14 (b)	3,164.79	3,935.21
(c) Other financial liabilities	15	263.70	231.56
Other current liabilities	17	1,580.74	1,925.95
Provisions	16	321.47	253.47
Total current liabilities		**5,480.70**	**9,643.91**
Total equity and liabilities		**9,992.70**	**14,436.84**

Summary of significant accounting policies 2

Summary of significant accounting judgements, estimates and assumptions 2

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 5, 2018

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

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

Particulars	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations	18	10,071.09	23,641.78
Other income	19	288.58	206.74
Total Income (I)		**10,359.67**	**23,848.52**
Expenses			
Employee benefits expense	20	1,670.06	1,935.48
Finance cost	21	149.37	313.91
Depreciation and amortisation expense	22	42.47	189.51
Other expenses	23	6,740.43	21,357.33
Total expenses (II)		**8,602.33**	**23,796.23**
Profit before tax (I-II)		**1,757.34**	**52.29**
Tax expense			
Current tax	8 (a)	323.00	137.55
Deferred tax	8 (b)	703.79	(119.60)
Total tax expense		**1,026.79**	**17.95**
Profit for the year		**730.55**	**34.34**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		45.98	50.06
Less: Income tax effect	8 (a)	(12.79)	(16.55)
		33.19	33.51
Net other comprehensive income for the year, net of tax.		**33.19**	**33.51**
Total comprehensive income for the year		**763.74**	**67.85**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2017: 10/-)] Basic and Diluted	25	**16.23**	**0.76**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	2		

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 5, 2018

Cash flow statements for the year ended March 31, 2018

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

Particulars	Note	Year Ended March 31, 2018	Year Ended March 31, 2017
A) Cash flows from operating activities			
Profit before tax		1,757.34	52.29
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment	22	42.23	189.03
Amortization of intangible assets	22	0.24	0.48
Provision for impairment allowance of financial assets (net)	23	(1,000.56)	307.10
Finance costs	21	149.37	313.91
Bad debts written off	23	616.94	10.23
Loss/(profit) on sale/discard of assets (net)	19 & 23	2.73	(4.93)
Interest income	19	(102.38)	-
Liabilities no longer required written back	19	(186.20)	(0.45)
Working capital adjustments			
(Increase)/decrease in Trade receivables	5 & 23	(219.44)	(444.43)
(Increase)/decrease in Loans & Other financial assets	6 & 7	4,806.39	909.26
(Increase)/decrease in Other assets	9	259.40	1,988.34
Increase/(decrease) in Trade payables	14	(1,628.89)	(3,802.53)
Increase/(decrease) in Provisions	16	113.98	(88.23)
Increase/(decrease) in Other financial liabilities	15	111.10	39.16
Increase/(decrease) in Other liabilities	17	(345.21)	(103.15)
Cash generated from operations		**4,377.04**	**(633.92)**
Direct taxes paid (net of refunds received)		(438.92)	(289.01)
Net cash inflow from operating activities		**3,938.12**	**(922.93)**
B) Cash flows from investing activities			
Sale of property, plant and equipment		0.75	11.18
Purchase of property, plant and equipment	3	(4.22)	(4.90)
Interest received		102.28	-
Net cash flows used in investing activities		**98.81**	**6.28**
C) Cash flows from financing activities			
Repayment from borrowings	13	(2,950.00)	1,700.00
Interest paid		(228.33)	(245.91)
Net cash flows used in financing activities		**(3,178.33)**	**1,454.09**
Net increase in cash and cash equivalents		**858.60**	**537.44**
Cash and cash equivalents at the beginning of the year	10 (a)	(89.09)	(626.53)
Cash and cash equivalents at the end of the year		**769.51**	**(89.09)**

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

	Note	March 31, 2018	March 31, 2017
Cash and cash equivalents	10 (a)	769.51	108.63
Less: bank overdraft	13	-	197.72
Balances as per Cash flow statement		**769.51**	**(89.09)**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 5, 2018

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

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

Statement of changes in Equity for the year ended March 31, 2018

A) Equity Share Capital

Particulars	Notes	March 31, 2018	March 31, 2017
Balance at the beginning of the year	11	450.00	450.00
Changes in equity shares capital during the year	11	-	-
Balance at the end of the year		450.00	450.00

B) Other Equity

Particulars	Reserves & Surplus		
	General reserve	Retained Earnings	Total
As at April 1, 2016	**525.21**	**2,691.79**	**3.217.00**
Profit for the year	-	34.34	34.34
Other Comprehensive Income	-	33.51	33.51
As at March 31, 2017	**525.21**	**2,759.64**	**3,284.85**
Profit for the year	-	730.55	730.55
Other Comprehensive Income	-	33.19	33.19
As at March 31, 2018	**525.21**	**3,523.38**	**4,048.59**

1. Corporate information

Thermax Engineering Construction Company Limited (the "Company") is a public company domiciled in India. It is a wholly owned subsidiary of Thermax Limited. The Company is engaged in erection and commissioning of boilers supplied by its parent company Thermax Limited and also by other suppliers. The Corporate Identification Number (CIN) of the Company is U29246MH1991PLC062959.

The address of the registered office is Thermax House, 14, Mumbai –Pune Highway, Wakdewadi, Pune, 411001.The board of directors have authorized to issue by these separate financial statements on May 05, 2018.

2. Significant accounting policies

2.1. Basis of preparation, measurement and transactions to Ind AS

(a) Basis of preparation

These 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 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

(b) Basis of measurement

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

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

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's 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.

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.

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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Note no.30)

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. Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment ('PPE') is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance costs are recognized in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains of losses arising from de-recognition of PPE 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 PPE is derecognized.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part have 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.

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

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

Depreciation on PPE is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

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

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Plant and equipment*	1 to 10	9 to 15
Office equipment	1 to 3	5
Computers	2 to 3	3
Vehicles	3 to 6	8

* Includes site infrastructure which is fully depreciated.

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.

e. **Intangible assets**

Intangible assets are stated at acquisition cost, net of accumulated amortization.

f. **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 made. 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 specific recognition criteria described below must also be met before revenue is recognized.

Sale of services

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax 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 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 Statement of profit and loss when they are incurred.

On the balance sheet, 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 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

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend Income

Dividend income is recognized when the Company's right to receive is established by the reporting date.

g. **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 or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

Debt instruments

Debt instruments at amortised cost: The debt instrument is at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms

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

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

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

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

Debt instruments fair value through OCI (FVOCI): A debt instrument is classified as FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not classified any financial assets under this category.

Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVOCI are classified as FVTPL. The Company has classified any debt under this category.

De- recognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets 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 flow in full to a third party under a pass through arrangement and either

a) The Company has transferred substantially all risks and rewards of the asset or

b) 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 on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss 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 loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that is possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss 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 P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost, contract assets and lease receivables:** 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.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft 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

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

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

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 the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of profit or loss.

h. 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.

i. Share capital

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

j. 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 outside profit or loss (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 liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 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.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

k. Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs in connection with the arrangement of borrowings. Borrowing costs attributable to the acquisition, construction 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 respective asset. All other borrowing costs are expensed in the period they occur.

l. 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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement

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

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

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.

Leases, where the lessor effectively retains all the substantial risks and benefits of ownership of the leased item, are classified as operating leases.

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

m. 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.

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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent period, 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.

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 priors. 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.

n. 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.

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.

o. 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:

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

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

- 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. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. 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.

Liability on account of the Company's obligation under the employees' superannuation fund, a defined contribution plan, is charged to the statement of profit and loss on the basis of the plan's liability to contribute.

Liability on account of the Company's obligation under the employee's medical reimbursement scheme and leave travel assistance is charged to the Statement of profit and loss at the undiscounted amount of such liability.

Liabilities on account of the Company's obligations under statutory regulations, agreement with trade unions and employees' short term incentive plan, as applicable, are charged to the Statement of profit and loss at the undiscounted amount of each liability.

p. Segment Reporting

Identification of segments

The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analysed separately. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q. 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.

r. 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). The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

s. 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.

t. Standards issued but not yet effective

Amendments issued to existing standards issued but not yet effective up to the date of issuance of the Company's financial statements are given in note no 33. The Company intends to adopt these standards, if applicable when they become effective.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, 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 of assets which are 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 contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an

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

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

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.

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 judgements and assumptions regarding the amounts to recognize.

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

Onerous contract provisions: 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. INR 217.96 was outstanding as at March 31, 2018 (March 31, 2017 INR 121.55)

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 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 most subject 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 28.

iv. 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 judgement 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 impairment loss allowance on 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 Company estimates a default rate of 0.2% of total revenue for trade receivables and 0.5% of 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 ranging upto 8 and 10 years respectively. Refer note 2(g) for further details.

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

The Company determines 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(d) above for further details.

vi. 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 change or if changes in current tax regulations are enacted. Refer note 9 for further details.

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

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

3. Property, Plant and Equipment

Particulars	Plant and Equipment	Office Equip-ment	Computer	Vehicles	Total
Gross carrying amount					
As at April 01, 2016	**626.00**	**44.95**	**65.56**	**117.76**	**854.27**
Additions	4.64	0.26	-	-	4.90
Disposals	(3.74)	-	-	(30.59)	(34.33)
As at March 31, 2017	**626.90**	**45.21**	**65.56**	**87.17**	**824.84**
Additions	0.55	-	3.67	-	4.22
Disposals	(23.03)	(13.17)	(13.72)	(6.42)	(56.34)
As at March 31, 2018	**604.42**	**32.04**	**55.51**	**80.75**	**772.72**
Accumulated depreciation					
As at April 01, 2016	**402.92**	**32.96**	**56.52**	**97.75**	**590.15**
Charge for the year	163.79	6.58	5.72	12.94	189.03
Disposals/Adjustments	(3.69)	-	-	(24.39)	(28.08)
As at March 31, 2017	**563.02**	**39.54**	**62.24**	**86.30**	**751.10**
Charge for the year	35.29	4.64	1.74	0.56	42.23
Disposals/Adjustments	(20.96)	(12.73)	(13.33)	(6.11)	(53.13)
As at March 31, 2018	**577.35**	**31.45**	**50.65**	**80.75**	**740.20**
Net Block					
As at March 31, 2018	**27.07**	**0.59**	**4.86**	**-**	**32.52**
As at March 31, 2017	**63.88**	**5.67**	**3.32**	**0.87**	**73.74**

4. Intangible Assets

Particulars	Computer Software
Gross carrying amount	
As at April 01, 2016	**1.88**
Additions	-
Disposals	-
As at March 31, 2017	**1.88**
Additions	-
Disposals	(1.88)
As at March 31, 2018	**-**
Accumulated amortisation	
As at April 01, 2016	**0.89**
Amortisation charge for the year	0.48
Disposals	
As at March 31, 2017	**1.37**
Amortisation charge for the year	0.24
Disposals	(1.61)
As at March 31, 2018	**-**
Net Block March 31, 2018	**-**
Net Block March 31, 2017	**0.51**

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 block and accumulated depreciation / amortisation above, for information purpose only. The total gross block and corresponding total accumulated depreciation / amortisation as at March 31, 2018, March 31, 2017 and April 1, 2016 as disclosed above should be adjusted (at least) by an amount of Rs. 550.38 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 block as at March 31, 2018 and March 31, 2017.

5 Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Receivables from related parties (refer note 29)	1,086.09	2,357.39
Others	3,932.86	3.059.06
Total receivables	**5,018.95**	**5,416.45**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	4,531.03	4,523.44
Doubtful	487.92	893.01
	5,018.95	**5,416.45**
Less: Impairment allowance (including provision for bad and doubtful debts)	487.92	1,488.48
Total	**4,531.03**	**3.927.97**

No trade 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 receivable are 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 29.

Trade receivables are hypothecated against the bank overdraft facility. Refer note 13 "Borrowings" for more details.

6 Current loans

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Unsecured, considered good		
Loans to staff and workers	20.73	26.80
Security deposits*	27.68	44.10
Total	**48.41**	**70.90**

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.

No loans are due from directors or other officers 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.

* Includes deposits given to various parties for rent, utilities, etc.

7 Other financial assets

(a) Other non current financial assets

	As at March 31, 2018	As at March 31, 2017
At Amortized Cost		
Bank deposits with maturity of more than 12 months	3.32	2.89
Total	**3.32**	**2.89**

Above bank deposits are pledged as margin money.

7 (b) Other financial assets

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Interest accrued on fixed deposits etc.	0.53	0.43
Unbilled revenue (refer note 26	1,202.69	5,987.02
Total	**1,203.22**	**5,987.45**

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

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

8 (a) Income Taxes

The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss

	As at March 31, 2018	As at March 31, 2017
Current income tax charge		
Current income tax	323.00	137.55
Deferred tax		
Relating to origination and reversal of temporary differences	703.79	(119.60)
Income tax expense reported in the statement of profit or loss	**1,026.79**	**17.95**

Other comprehensive income

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	12.79	16.55
Income tax charged/(credited) to OCI	**12.79**	**16.55**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Accounting profit/(loss)before tax	1,757.34	52.29
At India's statutory income tax rate of 33.063 % (March 31, 2017: 33.063%)	581.03	17.29
Effects of non-deductible business expenses	17.74	6.10
Effect of change in tax rates	(58.70)	-
Reversal of deferred tax asset	370.14	-
Other differences - Difference between book base and tax base for various items	116.58	(5.44)
At the effective tax rate of 58.43 % (March 31, 2017: 33.063%)	1,026.79	17.95
Income tax expense reported in the statement of profit or loss	**1,026.79**	**17.95**

8 (b) Deferred Taxes

Statement of profit & loss/ other comprehensive income

	As at March 31, 2018	As at March 31, 2017
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	-	(42.21)
Employee benefit obligation	-	5.33
Income computation and disclosure standards	-	34.60
Disallowance under section 40(a) of Income-tax Act, 1961	-	1.49
Provision for doubtful debts and liquidated damages	-	(103.61)
Disallowance under section 43B of Income-tax Act, 1961	-	1.35
Derecognition of deferred tax assets in absence of future taxable profits	716.58	-
Deferred tax expense/ (income)	**716.58**	**(103.05)**

Balance sheet

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	-	97.28
Employee benefit obligation	-	4.31
Disallowance under section 40(a) of Income-tax Act, 1961	-	0.16
Provision for doubtful debts and liquidated damages	-	519.29
Disallowance under section 43B of Income-tax Act, 1961	-	55.35
Accounting treatment as required by Income computation and disclosure standards	-	40.19
Net deferred tax assets/ (liabilities)	**-**	**716.58**

* The Company, in absence of adequate future taxable profits, have derecognised the deferred tax assets as at the balance sheet date.

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	716.58	613.53
Tax (expense)/ income during the period recognised in profit or loss	(703.79)	119.60
Tax (expense)/ income during the period recognised in OCI	(12.79)	(16.55)
Closing balance	**-**	**716.58**

The Company 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.

9 Other assets

(a) Other non current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Sales tax recoverable	68.48	97.03
Balances with government authorities	113.16	110.36
Total	**181.64**	**207.39**

There were no advances due by directors or other 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 any director is a partner or a member

(b) Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Advance to supplier	62.72	131.96
Advances to staff and workers	36.03	65.75
Prepaid expenses	4.87	10.46
Balances with government authorities	792.75	978.98
Others*	57.13	-
Total	**953.50**	**1,187.15**

* Represents surplus fund balance for the payment of gratuity

There were no advances due by directors or other 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 any director is a partner or a member.

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

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

10 (a) Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
At amortised cost		
Cash and cash equivalents		
Balances with banks - in current accounts	769.43	104.92
Cheques, drafts on hand	0.08	3.31
Cash on hand	-	0.40
Total	**769.51**	**108.63**

(b) Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 :-

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

	SBNs	Other denomination notes#	Total
Closing cash in hand as on November 8, 2016	0.51	0.76	1.27
Add: Permitted receipts	-	3.20	3.20
Less: Permitted payments*	0.35	3.30	3.65
Less: Amounts deposited in Banks	0.16	-	0.16
Closing cash in hand as on December 30, 2016	-	0.66	0.66

* This represents amounts advanced to employees who, in their personal capacity had exchanged such SBNs from bank(s).

#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.

(c) Changes in liabilities arising from financing activities

Particulars	Borrowings	Accrued interest on borrowings
As at April 1, 2017	3,100.00	78.96
Cash flow	(2,950.00)	(228.33)
Changes in fair values	-	
Others	-	149.37
As at March 31, 2018	**150.00**	**-**

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.

11 Share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
10,000,000 (March 31, 2017: 10,000,000)	1,000.00	1,000.00
equity shares of Rs. 10/- each	**1,000.00**	1,000.00
Issued, subscribed and fully paid share capital (Nos)		
4,500,000 (March 31, 2017: 4,500,000) equity shares of Rs. 10/- each	450.00	450.00
Total issued, subscribed and fully paid-up share capital	**450.00**	**450.00**

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

Equity share of Rs. 10 each issued, subscribed and fully paid

	No. of shares
As at April 1, 2016	4,500,000
Changes during the period	-
As at March 31, 2017	4,500,000
Changes during the period	-
As at March 31, 2018	**4,500,000**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 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 shares held by holding company

	As at March 31, 2018	As at March 31, 2017
Thermax Limited 4,500,000 (March 31, 2017: 4,500,000) equity shares of Rs. 10/- each fully paid	450.00	450.00

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

As at March 31, 2018	
%	100.00
No. of shares	4,500,000
As at March 31, 2017	
%	100.00
No. of shares	4,500,000

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.

12 (a) Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
General reserve	525.21	525.21
Retained earnings		
Opening Balance	2,759.64	2,691.79
Add Profit for the year	730.55	34.34
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gains/(losses) on defined benefit plans, net of tax {Deferred tax charge Rs. (12.79), (March 2017 - benefit Rs.(16.55)}	33.19	33.51
Net Surplus in statement of profit & loss	**3,523.38**	**2,759.64**
Total	**4,048.59**	**3,284.85**

Nature and purpose of reserves

General reserve

These are in nature of those retained earnings which are kept aside out of Company's profits. These are free reserves available for distribution of dividend.

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

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

12(b) Distribution proposed

	March 31, 2018	March 31, 2017
Proposed dividend on equity shares:		
Final dividend for the year ended March 31, 2018: Rs. 22.22 per share (March 31, 2017: Rs. Nil per share)	1,000.00	-
Dividend distribution tax on final dividend	196.38	-
	1,196.38	**-**

Proposed dividend 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.

13 Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
At amortised cost		
Current borrowings		
Secured:		
From Bank - Bank overdraft	-	197.72
Unsecured		
From Related Party (refer note 29)	150.00	3,100.00
Total	**150.00**	**3,297.72**
Aggregate secured loans	-	197.72
Aggregate unsecured loans	150.00	3,100.00

Current borrowings

Secured loans from banks includes working capital facilities by way of cash credit which are secured by hypothecation of book debts of the company and carries an interest of 10.90% p.a (March 31, 2017: 11.90%) and repayable on demand.

The unsecured loan has been taken from Thermax Limited (Holding company) at the interest rate of 10.15% p.a. (March 31, 2017: 10.75%) and repayable on demand or within six months to eleven months.

14 Trade payables

(a) Non current trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables	13.41	1,058.08
Total	**13.41**	**1,058.08**

Non-current trade payables consists of retention payables to the contractors which will fall due within 3 to 12 months commencing from mutually agreed milestone achievements.

(b) Current trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	3.41	11.58
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 29)	395.51	248.04
(ii) Others	2,765.87	3,675.59
Total	**3,164.79**	**3,935.21**

Trade payables are non-interest bearing and are normally settled between 16 to 30 days.

For terms and conditions with related parties, refer note 29.

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	3.41	11.58
Interest due thereon	-	-
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	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
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	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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	-	-

15 Other current financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
At amortised cost		
Interest accrued but not due on loans	-	78.96
Employee related payables	263.70	152.60
Total	**263.70**	**231.56**

* represent dealer deposit, security deposit etc.

16 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for leave encashment	103.51	126.52
Provision for gratuity (refer note 28)	-	5.40
	103.51	**131.92**
Other provisions		
Provision for onerous contracts	217.96	121.55
	217.96	**121.55**
Total	**321.47**	**253.47**

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.

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

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

Movement in provisions

Particulars	Provision for onerous contracts March 31, 2018	March 31, 2017
At the beginning of the year	121.55	243.56
Arising during the year	177.50	88.57
Provision (utilized)/(reversed) during the year	(81.09)	(210.58)
At the end of the year	**217.96**	**121.55**

17 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Unearned revenue (refer note 26)	1,331.50	1,282.36
Customer advance (refer note 29 for related party balances)	181.74	559.28
Statutory dues and other liabilities*	67.50	84.31
Total	**1,580.74**	**1,925.95**

* mainly includes tax deducted at source, provident fund, ESIC, etc.

18 Revenue from operations

	March 31, 2018	March 31, 2017
Sale of products and services		
Sale of services*	10,069.71	23,640.33
Other operating revenue		
Sale of scrap	2.45	-
Net Exchange fluctuation gain / (loss)	(1.07)	1.45
Total	1.38	1.45
Revenue from operations (net)	**10,071.09**	**23,641.78**

* Includes revenue from construction contracts of Rs. 9,359.86 (March 31, 2017: Rs 22,795.35). Refer note 26 for details.

19 Other income

Particulars	March 31, 2018	March 31, 2017
Profit on sale of asset	-	4.93
Liabilities no longer required written back	69.78	0.45
Interest income	102.38	152.79
Miscellaneous income	116.42	48.57
Total	**288.58**	**206.74**

20 Employee benefits expense

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	1,472.93	1,708.16
Contribution to provident and other funds	105.37	113.07
Gratuity expense (refer note 28)	18.17	27.08
Staff welfare expenses	73.59	87.17
Total	**1,670.06**	**1,935.48**

21 Finance costs

Particulars	March 31, 2018	March 31, 2017
Interest expense	149.37	313.91
Total	**149.37**	**313.91**

22 Depreciation and amortization expense

Particulars	March 31, 2018	March 31, 2017
Depreciation on property, plant & equipment (refer note 3)	42.23	189.03
Amortization of intangible assets (refer note 4)	0.24	0.48
Total	**42.47**	**189.51**

23 Other expenses

Particulars	March 31, 2018	March 31, 2017
Power and fuel	10.94	10.80
Rent (refer note 27a)	209.30	274.31
Site expenses and contract labour charges	395.43	790.93
Erection & commissioning expenses	5,762.37	19,156.08
Advertisement and sales promotion	5.74	0.66
Rates and taxes	45.69	6.44
Insurance	7.20	6.98
Repairs and maintenance		
Building	7.81	11.81
Others	19.89	24.83
Travelling and conveyance	362.93	485.45
Legal and professional fees	59.44	44.43
Audit fees (refer note 24(b))	7.23	9.60
Director's sitting fees	7.10	6.50
Corporate cost allocation	56.32	56.52
Bad debts/ advances written off	616.94	10.23
Loss on sale/disposal of assets	2.73	-
Provision for / (reversal of) impairment allowance of financial assets - net	(1,000.56)	307.10
CSR expenditure (refer note 24 (a))	6.95	11.23
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	156.98	143.43
Total	**6,740.43**	**21,357.33**

24 (a) Corporate social responsibility (CSR)

Particulars	March 31, 2018	March 31, 2017
Gross amount required to be spent by the	6.95	7.22
Total	**6.95**	**7.22**

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2018			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	6.95	-	6.95
	6.95	**-**	**6.95**
During the year ended March 31, 2017			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	11.23	-	11.23
	11.23	**-**	**11.23**

*The amount of Rs. 6.95 (March 31, 2017- Rs 7.22) is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India) (also refer note no 29 -related party) and (March 31, 2017 - Rs. 4.01) to Maharashtra Drought Relief Fund.

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

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

24 (b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit and limited review fee	6.90	5.50
Tax audit fee	-	0.90
In other capacity		
Taxation matters	-	1.95
Other services	-	0.60
Reimbursement of expenses	0.33	0.65
Total	**7.23**	**9.60**

25 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the equity shareholders of the Company	730.55	34.34
Weighted average number of Equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share	16.23	0.76

26 Construction contracts

Particulars	March 31, 2018	March 31, 2017
Contract revenue recognised during the year	9,359.86	22,795.35
In respect of contracts in progress as at March 31, 2018		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	83,691.45	84,797.12

Particulars	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress	181.74	559.28
Retention money due from customers for contracts in progress	426.56	716.72
Gross amount due from customers [disclosed as unbilled revenue (Refer note 7(b)	1,202.69	5,987.02
Gross amount due to customers [disclosed as unearned revenue (Refer note 17)	1,331.50	1,282.36

27 Contingent Liabilities and commitments

A Contingent liabilities

a) Taxes

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs. 1,132.09, (March 31, 2017 Rs 1,134.91 ; Sales tax Rs. 176.24, (March 31, 2017 Rs. 133.05).

ii) Income tax demands disputed in appellate proceedings are Rs. 22.46 (March 31, 2017 Rs. 218.13)

iii) References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the company, the liability is estimated to be Rs. 185.20 (March 31, 2017 Rs. 427.08)

B Capital and other commitment

a) Lease commitments

i. Operating lease: Company as lessee

The Company has taken certain office premises and a warehouse on operating lease. The tenure of such leases is for a period of one year. 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.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

Particulars	March 31, 2018	March 31, 2017
Lease payments for the year	209.30	274.31
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

28 A. 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 @ 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 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.

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	238.34	209.03	29.31
Current service cost	25.60	-	25.60
Interest expense/(income)	18.66	17.18	1.48
Total amount recognised in Profit or Loss	**44.26**	**17.18**	**27.08**
Experience adjustments	(18.18)	-	(18.18)
Actuarial (gain)/loss from change in demographic assumptions	2.02	-	2.02
Actuarial (gain)/loss from change in financial assumptions	(30.45)	-	(30.45)
Return on plan assets expense/(income)	-	3.45	(3.45)
Total amount recognised in Other comprehensive income	**(46.61)**	**3.45**	**(50.06)**
Employer contributions	-	0.93	(0.93)
Benefits paid	(10.24)	(10.24)	-
March 31, 2017	**225.75**	**220.35**	**5.40**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**225.75**	**220.35**	**5.40**
Current service cost	18.50	-	18.50
Interest expense/(income)	15.20	15.53	(0.33)
Total amount recognised in Profit or Loss	**33.70**	**15.53**	**18.17**

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Experience adjustments	(35.97)	-	(35.97)
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(8.40)	-	(8.40)
Return on plan assets expense/(income)	-	1.61	(1.61)
Total amount recognised in Other comprehensive income	**(44.37)**	**1.61**	**(45.98)**
Employer contributions		3.16	(3.16)
Benefits paid	(15.29)	(15.29)	-
Liability for employees transferred	(31.56)		(31.56)
March 31, 2018	**168.23**	**225.36**	**(57.13)**

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	168.23	225.75
Fair value of plan assets	225.36	220.35
Plan liability/(assets)	**(57.13)**	**5.40**

Net plan assets as at March 31, 2018 have been disclosed under note 9(b) - Other current assets as 'Others'

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	8%	7%
Salary growth rate	5%	5%
Expected return on plan assets	8%	8%
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	6% to 14%	6% to 14%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.00% increase	Decrease by 10.51	Decrease by 14.42
1.00% decrease	Increase by 11.91	Increase by 16.33
Future salary increase		
1.00% increase	Increase by 11.27	Increase by 15.34
1.00% decrease	Decrease by 10.11	Decrease by 13.79
Attrition Rate		
1.00% increase	Increase by 2.16	Increase by 1.99
1.00% decrease	Decrease by 2.44	Decrease by 2.25

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 prior period.

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	12.30	19.20
Between 2-5 years	87.89	104.90
Between 5-10 years	48.50	73.24

The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (March 31, 2017: 7 Years)

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 financial statements for the year ended March 31, 2018

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

29 Related party disclosures

Names of related parties and related party relationship:

Related parties where control exists

Holding company - Thermax Limited

Related parties Ind AS 24 with whom transactions have taken place during the year

A. Fellow Subsidiaries In India

Thermax Instrumentation Limited

B. Enterprise, over which control is exercised by individuals listed in 'B' above:

Thermax Foundation - Earlier known as Thermax Social Initiative Foundation

C. Key management Personnel:

Mr. Upsen S Umale- Chief Executive Officer

Mr. Ajay Joshi - Independent director

Mr. Ashok Joshi - Independent Director

D. Transactions with related parties

Particulars	Holding Company		Fellow Subsidiary		Entities Controlled by Holding Company		Key Management Personnel		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	7,313.34	10,858.01	-	-	-	-	-	-	**7,313.34**	**10,858.01**
Recovery of expenses	101.70	131.98	-	-	-	-	-	-	**101.70**	**131.98**
Reimbursement of expenses	81.39	83.92	-	10.99	-	-	-	-	**81.39**	**94.91**
Remuneration to key management personnel	47.10	50.85	-	-	-	-	-	-	**47.10**	**50.85**
Corporate social responsibility	-	-	-	-	6.95	7.22	-	-	**6.95**	**7.22**
Director's sitting fees										
-Mr. Ajay Joshi	-	-	-	-	-	-	3.40	3.10	**3.40**	**3.10**
-Mr. Ashok Joshi	-	-	-	-	-	-	3.70	3.40	**3.70**	**3.40**
Commission paid	14.42	10.55	-	-	-	-	-	-	**14.42**	**10.55**
Repair & maintenance	6.73	6.75	-	-	-	-	-	-	**6.73**	**6.75**
Corporate cost allocation	56.32	56.52	-	-	-	-	-	-	**56.32**	**56.52**
Interest expenses on intercorporate loan	147.62	286.45	-	-	-	-	-	-	**147.62**	**286.45**
Rent paid	60.84	60.96	-	-	-	-	-	-	**60.84**	**60.96**

F. Balances with related parties:

Particulars	Holding Company		Fellow Subsidiary		Total	
	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	1,086.09	2,357.39	-	-	**1.086.09**	**2,357.39**
Interest Accrued on intercorporate loan	-	78.96	-	-	**-**	**78.96**
Intercorporate loan	150.00	3,100.00	-	-	**150.00**	**3,100.00**
Trade advances	-	90.00	-	-	**-**	**90.00**
Trade payables and other liabilities	395.51	246.65	-	1.39	**395.51**	**248.04**

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

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

G. Commitments

Thermax Limited has issued corporate guarantee to Union bank of India on behalf of the Company for securing non fund based limits of INR 9,000.00 as on March 31, 2018 (March 31, 2017- INR 9,000.00).

H. Terms and conditions for outstanding balances

1. All outstanding balances are unsecured and repayable in cash.

I. Terms and conditions of related party transactions

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (other than inter-corporate loan) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables (except as disclosed above). For the year ended 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR 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.

30 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

Particulars	March 31, 2018	March 31, 2017
Trade receivables (refer note 5)	4,531.03	3,927.97
Loans (refer note 6)	48.41	70.90
Other financial assets (refer note 7)	1,206.54	5,990.34
Cash and cash equivalents (refer note 10)	769.51	108.63
Total	**6,555.49**	**10,097.84**
Current assets	6,552.17	10,094.95
Non-current assets	3.32	2.89
Total	**6,555.49**	**10,097.84**

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

Break up of financial liabilities carried **at amortised cost**

Particulars	March 31, 2018	March 31, 2017
Borrowings (refer note 13)	150.00	3,297.72
Trade payable (refer note 14)	3,178.20	4,993.29
Employee related payables (refer note 15)	263.70	152.60
Other liabilities (refer note 15)	-	78.96
Total	**3,591.90**	**8,522.57**
Current liabilities	3,578.49	7,464.49
Non current liabilities	13.41	1,058.08
Total	**3,591.90**	**8,522.57**

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

31 (a) Financial risk management

The Company's principal financial liabilities, comprise trade and other payables, 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 .

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Audit Committee oversees the risk identification and management of these risks. The company follows guidance given by the Corporate Risk Management Policy of the group. The risks are summarized below:

I Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include FVTPL investments. The company is not exposed to interest rate risk as all debt obligation are fixed interest rate.

II Credit risk

Credit risk is the risk that counter party 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 from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by 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 historical data of losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note5. 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 cash deposits

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordance with the Thermax group policy. Investments of surplus funds are made only with approved counterparties 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.

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. 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 :

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

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

March 31, 2018	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	150.00	-	-
Trade Payables	3,164.79	13.41	-
Other financial liabilities			
Employee related payables	263.70	-	-
Interest accrued but not due on loans	-	-	-
March 31, 2017	**< 1 year**	**1 to 3 years**	**> 3 years**
Non- derivative			
Borrowings	3,297.72	-	-
Trade Payables	3,935.21	1,058.08	-
Other financial liabilities			
Employee related payables	152.60	-	-
Interest accrued but not due on loans	78.96	-	-

32 **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	150.00	3,297.72
Trade payables	3,178.20	4,993.29
Less: Cash and cash equivalents	(769.51)	(108.63)
Net debt	2,558.69	8.182.38
Equity	**4,498.59**	**3,734.85**
Capital and net debt	**7,057.28**	**11,917.23**

33 **Ind AS 115 - Revenue from Contract with Customers:**

Ind AS 115 was notified on March 28, 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 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.

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.

34. **Event after reporting date**

No significant events have occurred between the end of reporting period and the date when the financial statements are approved by Board of Directors.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

For and on behalf of the Board of Directors of
Thermax Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 5, 2018

THERMAX INSTRUMENTATION LIMITED

Board of Directors

Ravinder Advani
B.C. Mahesh
Amitabha Mukhopadhyay
Ajay Joshi – Independent Director
Ashok K. Joshi – Independent Director

Key Managerial Personnel

M.L. Bindra (Manager)
Sudhir Lale (Company Secretary)
Harish Tikotkar (Chief Financial Officer)

Registered Office

Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune - 411003

Corporate Office

Sai Chambers
15, Mumbai – Pune Road,
Wakdewadi,
Pune - 411003

Branch offices

1. Unit 3, Ninth (9th) FLR Galleria corparate Center
EDSA - II Carner Ortigas Avenue
Quezon City, Manila Philippines

2. C/o PKF Consulting Zambia Limited,
Plot 11, Sable Road, Kabulonga, Lusaka, Zambia.

Auditors

SRBC & CO., LLP, Chartered Accountants,
C-401, 4th Floor, Panchshil Tech Park, Yerwada,
Pune 411006

Bankers

Union Bank of India
HDFC Bank Limited
State Bank of India
Corporation Bank
ICICI Bank
Citibank NA
HSBC Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty Second Annual Report for the year ended March 31, 2018.

FINANCIAL RESULTS **(Rs. in lakh)**

Particulars	**2017-2018**	2016-2017
Total Income	**11,181.49**	12,774.08
Profit before Depreciation	**2,190.64**	2,157.79
Depreciation	**70.83**	38.76
Profit before Tax	**2,119.81**	2119.03
Provision for Taxation including Deferred Tax	**882.88**	1012.31
Profit after tax	**1,236.93**	1,106.72

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 11,181.49 (previous year Rs 12,774.08 lakh). Profit before tax stood at Rs. 2,119.81 (previous year Rs. 2,119.03 lakh) and profit after tax is Rs. 1,236.93 (previous year Rs. 1,106.72 lakh).

In Financial Year 2017-18 the company has completed 5 power plants. Despite lower topline, profitability of the company improved due to better turnaround of jobs on hand, closure of old projects and better cost control during execution.

The order booking in captive power plant sector in current year was Rs 20,935 lakh (previous year Rs. 6,696 lakh). The increase in order booking came largely from energy efficiency projects from public sector units, private sector and international markets. The order booking includes the largest construction order for a 40 MW captive power plant from a cement company in GCC region.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the company.

HEALTH & SAFETY

The company's continual focus on safety at sites has resulted into LTI free year. The company's performance in this area has been recognized by many of its customers including awards from two leading PSU's for best safety performance. The company also bagged an award for implementing best safety practices from a leading MNC paper company.

The company has adopted digital tools to enhance training and mobile apps for incident reporting.

DIVIDEND

The directors do not recommend any dividend during the year to conserve the financial resources of the company.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The company does not propose to carry amount to any reserves.

SHARE CAPITAL

The Paid up Share Capital of the company is Rs. 900 lakh. Preference shares Rs 1,000 lakh issued in March 2013 are now classified as borrowings as per new Indian Accounting Standards, 2015 (Ind AS) applicable from 1st April 2016 for public company being subsidiary of listed company. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

The shareholders had approved extension of redemption period of the aforesaid preference shares up to June 30, 2020.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review the company did not give any loan or made an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid / unclaimed deposit(s) as on March 31, 2018.

BUSINESS RISK MANAGEMENT

The company has a process of evaluating risk. It keeps track of risk portfolio and every quarter tracks the changes of any risk and prepares its mitigation plan. The Board is informed about the changes in economical and environmental factors and its impact on strategic business decision and risk portfolio. After detailed review of risk and mitigation measures the management has confirmed that there is no risk as on date which threatens the existence of the company. It will continue to actively monitor and strengthen its risk management framework.

The company has fully put an integrated computer system to track and monitor statutory compliances.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal controls are reviewed by the Internal Audit Department of the Holding Company on periodical basis. All significant and material observations emerging out of internal audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board had adopted a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as "Annexure 2" and forms part of this report.

DIRECTORS

Mr. Ajay Joshi and Mr. Ashok K. Joshi have been re-appointed as Independent Directors on the Board of your company on March 31, 2018 for a period of five years commencing from March 31, 2018 to March 30, 2023.

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ravinder Advani retires by rotation, and being eligible, offers himself for re-appointment as director.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

MANAGER

The term of Mr. M. L. Bindra as a Manager of the Company has expired on May 4, 2018.

The company has re-appointed Mr. M L Bindra as a 'Manager' of the company for a period of one year effective from May 05, 2018. The shareholders have approved his appointment at the Extra Ordinary General Meeting of the company held on February 8, 2018.

BOARD MEETINGS

The Board met five times on May 5, 2017, July 26, 2017, October 30, 2017, January 24, 2018 and February 26, 2018 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 1st October 2017. The Company is in compliance with the revised secretarial standards."

COMMITTEES OF THE BOARD

The Board has following committees' viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee.

AUDIT COMMITTEE

The Audit Committee met four times during the year on May 5, 2017, July 26, 2017, October 30, 2017 and January 24, 2018 where all members were present. The Committee comprises of 3 (Three) members, all being non-executive directors namely Mr. Ajay Joshi (Chairman), Mr. Amitabha Mukhopadhyay and Mr. Ashok K. Joshi.

NOMINATION AND REMUNERATION COMMITTEE

The committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met twice during the year on May 5, 2017 and January 24, 2018 where all members were present.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In view of the requirements under the Companies Act, 2013, the company has formed a Corporate Social Responsibility (CSR) Committee and approved a CSR Policy. The committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met once during the year on January 24, 2018 where all members were present.

As per the aforesaid policy, the company would continue its CSR initiatives through Thermax Foundation. As part of its initiatives under CSR, the company has donated Rs. 30.38 lakh to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 1".

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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. Therefore requirements of disclosure of Related Party Transactions in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before the Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9, as required under Section 92, of the Companies Act, 2013, is annexed herewith as "Annexure 3" and forms part of this report.

CONSERVATION OF ENERGY

The company is very careful in using the power to reduce cost of maintenance and conserve resources. The company makes effort to use power from grid at sites instead of DG sets.

TECHNOLOGICAL ABSORPTION

There was no technology acquisition and absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pertaining to foreign exchange earnings and outgo, under Section 134 (3) (m) of the Companies Act, 2013 is as follows:

(Rs. in lakh)

Foreign currency earnings	3,384.34 (previous year 4,274.13)
Foreign currency outgo	2,445.06 (previous year 2,681.29)

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

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 and its future operations.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company is committed to provide a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year / filed during the year, pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

M/s. SRBC & Co. LLP, Chartered Accountants are the auditors of the company for a period of five years commencing from 19th AGM until the conclusion of 24th AGM

ACKNOWLEDGEMENTS

Your directors wish to place on record their appreciation for the continued support extended by the company's customers, vendors and bankers during the year; and the dedicated contribution made by the employees and look forward to their continued support in the future as well.

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

	Amitabha Mukhopadhyay	**B. C. Mahesh**
Place: Pune	Director	Director
Date: May 4, 2018	DIN: 01806781	DIN: 06631816

Annexure 1

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

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

   The Board of Directors, after taking into account the recommendations of the CSR Committee, has approved the CSR Policy as required under section 135(4) of the Companies Act, 2013. Following is a brief outline of the said CSR Policy.

   The Company has decided to adopt the CSR Policy of the holding company which predominantly keeps focus in the area of education of economically underprivileged children.

   Apart from education, the holding company is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability Initiatives.

   The holding company has created a formal structure to design and implement its CSR programme and the company has decided to support the initiative of the holding company.

2. **The Composition of the CSR Committee.**

   Corporate Social Responsibility (CSR) Committee comprises as follows:

   1. B. C. Mahesh (Chairman)
   2. Ashok K. Joshi
   3. Ajay Joshi

3. **Average net profit of the company for last three financial years**

   The average net profit of the Company for the last three financial years is Rs. 15.19 crore.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**

   Prescribed CSR Expenditure is Rs. 30.38 lakh (2% of Rs. 15.19 crore.). Amount contributed to Thermax Foundation is Rs. 30.38 lakh.

5. **Details of CSR spent during the financial year.**

   a) Total amount donated: Rs 30.38 lakh.

   b) Total amount to be spent for the financial year: Rs 30.38 lakh.

6. **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 company has donated its CSR contribution to Thermax Foundation on March 23, 2018. The company would, monitor its CSR spent on specific projects from the current year.

7. **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.

B. C. Mahesh
(Chairman of the CSR Committee)
DIN : 06631816

Annexure 2

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES

The Nomination & Remuneration (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding company. It was also decided that considering the nature of business of the company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the company and its employees. This Policy is based on the above TOR of NRC:

(1) Criteria for selection and appointment of Directors:

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

(2) Remuneration:

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding company and do not receive any remuneration or sitting fees.

The overall remuneration shall be in accordance with Sec. 197 and other applicable provisions & rules made thereunder from time to time.

(3) Remuneration Policy for Senior Management, KMPs and employees:

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow Holding Company's Criteria as some of the KMPs are designated by the holding company:

(i) The remuneration is divided into Fixed component & Variable component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the holding company.

Annexure 3

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	:	U72200MH1996PTC099050
II.	Registration Date	:	23.04.1996
III.	Name of the Company	:	Thermax Instrumentation Limited
IV.	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V.	Address of the Registered office and contact details	:	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune- 411003
VI.	Whether listed company	:	No
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Civil, Erection and Commissioning,	9954	71.22%
2	Operation and Maintenance	45207	28.78%

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299MH1980PLC022787	Holding	100	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govnt(s)	-	-	-	-	-	-	-	-	-
c) State Govnt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	8999994	8999994	100	-	8999994	8999994	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	8999994	8999994	100	-	8999994	8999994	100	0
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total share holding of Promoter (A) = (A)(1)+(A) (2)	-	8999994	8999994	100	-	8999994	8999994	100	0

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	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)	------------------------------------NIL------------------------------------								
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	------------------------------------NIL------------------------------------								
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	6	6	0	-	6	6	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
- Directors Relative									
- Trusts	------------------------------------NIL------------------------------------								
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2):-	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**9000000**	**9000000**	**100**	**-**	**9000000**	**9000000**	**100**	**0**

(ii) Shareholding of Promoters (including preference share capital)

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 share holding during the year
1	Thermax Limited	18999994	100	NIL	18999994	100	NIL	NIL
	TOTAL	**18999994**	**100**	**NIL**	**18999994**	**100**	**NIL**	**NIL**

* Including Preference Shares (10,000,000)

iii) Change in Promoters' Shareholding: NIL

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	No. of Shares	% of total Shares of the company
	At the beginning of the year	-------------------------------------NIL-------------------------------------			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	Name of the shareholder	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 (01-04-2016) / end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the company
-------------------------------------NIL-------------------------------------								

(V) Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No.	Name of the shareholder	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 (01-04-2016) / end of the year (31-03-2017)	% of total shares of the company				No. of shares	% of total shares of the company
-------------------------------------NIL-------------------------------------								

V. INDEBTEDNESS

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

Amount in Rs. Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	84.92	0	0	84.92
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**84.92**	**0**	**0**	**84.92**
Change in indebtedness during the financial year				
Addition	0	0	0	0
Reduction	84.92	0	0	84.92
Net Change	84.92	0	0	84.92
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in lakh)

	Particulars of Remuneration	Total Amount
1	Gross salary	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- taxAct,1961	
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	
5	Others, please specify	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

(Amount in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Ajay Joshi	Ashok K. Joshi	-	-	
	Fee for attending board / committee meetings	4.10	4.10			8.20
	Commission	NIL				
	Others, please specify					
	Total(1)	4.10	4.10			8.20
2.	Other Non-Executive Directors Directors	Amitabha Mukhopadhyay	B. C Mahesh	Ravinder Advani		
	Fee for attending board /	-------------------------------------NIL-------------------------------------				
	Committee meetings					
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises					
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director

(Amount in lakh)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary (Sudhir Lale)	**Chief Financial Officer (Harish Tikotkar)**	**Total**
1.	Gross salary	16.76	19.65	36.41
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.52	19.36	35.88
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.24	0.29	0.53
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as% of profit - Others, specify	-		-
5.	Others, please specify			
	Total	**16.76**	**19.65**	**36.41**

VII. 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					
Compounding	---NIL-------------------------------				
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

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

	Amitabha Mukhopadhyay	**B.C Mahesh**
Place: Pune	Director	Director
Date: May 4, 2018	DIN: 01806781	DIN: 06631816

Independent Auditor's Report

To the Members of Thermax Instrumentation Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Thermax Instrumentation 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 in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's branches at Philippines and Zambia.

Management's Responsibility for the 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 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 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 Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI), 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 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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.

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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

   (c) The reports on the accounts of the branch offices of the Company audited under section 143 (8) of the Act by the branch auditors has been sent to us and have been properly dealt by us in preparing this report;

   (d) 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 and with the returns received from branches not visited by us;

   (e) In our opinion, the aforesaid 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;

   (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 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 financial statements – Refer Note 30 to the 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 – Refer Note 18 to the Ind AS financial statements. The Company did not enter into any derivative contracts during the year;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and.

      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 9 (c) of the Ind AS financial statements.

Other Matter

We did not audit the financial statements and other financial information of two branches included in the accompanying Ind AS financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 2,360.65 lakhs as at March 31, 2018, total revenues of Rs. 3,318.42 lakhs and profit before tax of Rs. 1,513.76 lakhs for the year ended on that date. The financial statements and other financial information of these branches has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

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 4, 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 Instrumentation 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 Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

(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) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to excise duty and customs duty are not applicable to the Company.

(b) According to the information and explanations given to us, undisputed dues in respect of employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount* (Rs. in lakhs)	Period to which the amount relates	Due Date	Date of Payment
National Internal Revenue Code of 1997 (Philippines)	Tax deducted at source u/s 57	283.50	FY 2014-15 to FY 2017-18	Various	Not paid

*Excluding interest and Penalty, if any thereon.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and services tax, sales-tax, service tax, value added tax and cess which have not been deposited on account of any dispute. The provisions relating to excise duty and customs duty are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any dues to debenture holders during the year.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or 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 4, 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')

To the Members of Thermax Instrumentation Limited

We have audited the internal financial controls over financial reporting of Thermax Instrumentation Limited ('the Company') as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the 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 based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 issued by the ICAI.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company, insofar as it relates to one branch, which is incorporated in Philippines, is based on the corresponding report of the branch auditor of such branch.

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 4, 2018

Balance Sheet as at March 31, 2018

(All amounts are in Rupees Lakh, unless stated otherwise)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	4	**182.82**	205.88
Financial assets:			
Trade receivables	5 (a)	**589.31**	530.91
Deferred tax assets (net)	6	**74.70**	21.75
Income-tax assets (net)		**2,247.85**	1,976.18
Other non-current assets	7 (a)	**527.09**	272.36
Total non-current assets		**3,621.77**	3,007.08
II. Current assets			
Financial assets:			
(a) Investments	8	**2,701.93**	752.76
(b) Trade receivables	5 (b)	**3,218.82**	3,672.61
(c) Cash and cash equivalents	9 (a)	**2,193.79**	2,067.42
(d) Bank balances other than (c) above	9 (b)	**0.32**	0.32
(e) Loans	10	**14.21**	15.69
(f) Other financial assets	11	**801.16**	693.34
Other current assets	7 (b)	**971.39**	919.18
Total current assets		**9,901.62**	8,121.32
Total		**13,523.39**	11,128.40

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Equity and Liabilities			
I. Equity			
Equity share capital	12	**900.00**	900.00
Other equity	13	**1,699.35**	231.11
Total equity		**2,599.35**	1,131.11
II. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	14 (a)	**773.97**	-
(b) Trade payables	15 (a)	**314.62**	276.62
Deferred tax liabilities (net)	19	**138.69**	155.65
Other non-current liabilities	17 (a)	**2.10**	14.08
Total non-current liabilities		**1,229.38**	446.35
III. Current liabilities			
Financial liabilities:			
(a) Borrowings	14 (b)	**-**	84.92
(b) Trade payables	15 (b)	**3,034.30**	3,176.44
(c) Other financial liabilities	16	**184.34**	1,278.84
Other current liabilities	17 (b)	**6,285.02**	4,655.38
Provisions	18	**189.74**	264.36
Income-tax liabilities (net)		**1.26**	91.00
Total current liabilities		**9,694.66**	9,550.94
Total		**13,523.39**	11,128.40

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

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

B. C. Mahesh
Director
DIN: 06631816

Amitabha Mukhopadhyay
Director
DIN: 01806781

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

M. L. Bindra
Manager

Place: Pune
Date: May 4, 2018

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

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

Particulars	Note	**March 31, 2018**	March 31, 2017
Income			
Revenue from operations	20	**10,676.96**	12,241.42
Other income	21	**504.53**	532.66
Total Income (I)		**11,181.49**	12,774.08
Expenses			
Project bought-out and components		**310.40**	469.37
Employee benefits expense	22	**2,296.89**	2,599.67
Finance cost	23	**115.71**	96.96
Depreciation expense	24	**70.83**	38.76
Other expenses	25 (a)	**6,267.85**	7,450.29
Total Expenses (II)		**9,061.68**	10,655.05
Profit before tax (I-II)		**2,119.81**	2,119.03
Tax expense			
Current tax	26	**1,022.77**	1,127.64
Deferred tax	26	**(139.89)**	(115.33)
Total tax expense		**882.88**	1,012.31
Profit for the year		**1,236.93**	1,106.72
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	27		
Net gain/ (loss) on translation of foreign operations		**63.26**	(69.38)
Less: Income tax effect		**-**	-
		63.26	(69.38)
B. Items that will not be reclassified subsequently to profit or loss	27		
Re-measurement gain/ (loss) of defined benefit plan		**11.99**	25.98
Less: Income tax effect		**(4.15)**	(8.99)
		7.84	16.99
Total other comprehensive income for the year (net of tax)		**71.10**	(52.39)
Total comprehensive income for the year		**1,308.03**	1,054.33
Earning per equity share [Nominal value Rs. 10 each (March 31, 2017: Rs. 10)]	28		
Basic and diluted		**13.74**	12.30
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.

Statement of Changes in Equity for the year ended March 31, 2018

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

A Equity share capital

	Note	**March 31, 2018**	March 31, 2017
Balance at the beginning of the year	12	**900.00**	900.00
Change in equity shares capital during the period	12	**-**	-
Balance at the end of the period	12	**900.00**	900.00

B Other equity

	Reserves and surplus			Items of OCI	Total Other Equity
	Capital reserve	Retained Earnings	Total	Foreign Currency Translation Reserve	
As at April 01, 2016	**1,118.84**	**(1,959.42)**	**(840.58)**	**17.36**	**(823.22)**
Profit for the year	-	1,106.72	1,106.72	-	1,106.72
Other Comprehensive Income	-	16.99	16.99	(69.38)	(52.39)
As at March 31, 2017	**1,118.84**	**(835.71)**	**283.13**	**(52.02)**	**231.11**
Profit for the year	-	1,236.93	1,236.93	-	1,236.93
Other Comprehensive Income	-	7.84	7.84	63.26	71.10
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2017 Rs. Nil)	-	160.21	160.21	-	160.21
As at March 31, 2018	**1,118.84**	**569.27**	**1,688.11**	**11.24**	**1,699.35**

For S R B C & CO LLP	**For and on behalf of the Board of Directors of**		
Chartered Accountants	**Thermax Instrumentation Limited**		
ICAI Firm Reg No.324982E/E300003			
per Tridevlal Khandelwal	**B. C. Mahesh**	**Amitabha Mukhopadhyay**	
Partner	Director	Director	
Membership No. 501160	DIN: 06631816	DIN: 01806781	
	Harish Tikotkar	**Sudhir Lale**	**M. L. Bindra**
	Chief Financial Officer	Company Secretary	Manager
	Place: Pune		
	Date: May 4, 2018		

Cash Flow Statement for the year ended March 31, 2018

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

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A)	**Cash flows from operating activities**		
	Profit before tax	**2,119.81**	2,119.03
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation expense	**70.83**	38.76
	Provision for impairment allowance (net of reversals)	**135.39**	(107.51)
	Interest expense	**17.50**	9.26
	Interest accretion on preference shares	**98.21**	87.70
	Bad debts/advances written off	**-**	30.28
	Loss on sale / discard of assets (net)	**3.85**	1.46
	Interest income from bank	**(0.02)**	(0.02)
	Dividend income	**(5.71)**	(15.64)
	Net foreign exchange differences (including effect of foreign exchange differences on cash and cash equivalents)	**63.26**	(65.49)
	Fair value gain on financial assets / liabilities	**(140.49)**	-
	Liabilities no longer required written back	**(187.74)**	(291.28)
	Cash flows before working capital changes	**2,174.89**	1,806.55
	Working capital adjustments		
	(Increase) / decrease in trade receivables	**260.00**	(63.87)
	(Increase) / decrease in other non-current assets	**(254.74)**	277.03
	(Increase) / decrease in other current financial assets	**(107.82)**	467.41
	(Increase) in other current assets	**(52.21)**	(132.12)
	Decrease in current loans	**1.48**	5.24
	(Decrease) / increase in trade payables	**83.60**	(43.17)
	Increase in other non-current liabilities	**1,617.66**	14.08
	Increase / (Decrease) in other current liabilities	**-**	73.30
	(Decrease) in other financial liabilities	**(192.71)**	(144.53)
	(Decrease) in provisions	**(62.63)**	(84.69)
		1,292.63	368.68
	Cash generated from operations	**3,467.52**	2,175.23
	Direct taxes paid (net of refunds)	**(1,384.17)**	(1,096.05)
	Net cash inflow from operating activities	**2,083.35**	1,079.18
B)	**Cash flows from/ (used in) investing activities**		
	Purchase of property, plant and equipment	**(51.95)**	(15.85)
	Purchase of investments (net)	**(1,866.49)**	(465.63)
	Interest income from bank	**0.02**	0.02
	Net proceeds from sale of property, plant and equipment	**0.33**	-
	Investments in bank deposits with maturity more than 3 months	**-**	(0.02)
	Net gain on sale of investments	**57.82**	-
	Dividend income	**5.71**	15.64
	Net cash flows (used in) investing activities	**(1,854.56)**	(465.84)
C)	**Cash flows from/ (used in) financing activities**		
	Interest paid	**(17.50)**	(9.26)
	Net cash flows (used in) financing activities	**(17.50)**	(9.26)
	Net increase in cash and cash equivalents	**211.29**	604.08
	Cash and cash equivalents at the beginning of the year	**1,982.50**	1,381.40
	Effect of exchange differences on cash and cash equivalents held in foreign currency	**-**	(2.98)
	Cash and cash equivalents at the end of the year	**2,193.79**	1,982.50

Reconciliation of cash and cash equivalents as per the Cash Flow Statement:

	Note No.	March 31, 2018	March 31, 2017
Cash and cash equivalents	9 (a)	**2,193.79**	2,067.42
Borrowings	14 (b)	**-**	(84.92)
Balances as per Cash flow statement		**2,193.79**	1,982.50

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

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

B. C. Mahesh
Director
DIN: 06631816

Amitabha Mukhopadhyay
Director
DIN: 01806781

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

M. L. Bindra
Manager

Place: Pune
Date: May 4, 2018

Notes to financial statements for the period ended March 31, 2018

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

1. Corporate information

Thermax Instrumentation Limited (the "Company") is a public company incorporated and domiciled in India. The Company is engaged in rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants. The Company has established foreign branches at Philippines and Zambia which are in the business of rendering supervision, operation and maintenance services for power plants. The Company caters to both domestic and international markets. The CIN of the Company is U72200MH1996PTC099050.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind-AS), notified under Section 133 of the Companies Act, 2013('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (on time to time).

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Basis of measurement

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- defined benefit plans- Plan assets are measured at fair value.

2.2 Summary of significant accounting policies

(a) Foreign currencies

For each independent business unit, the Company determines the functional currency and items included in the financial statements of each unit are measured using that functional currency. The Company uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the Statement of profit and loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

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 except exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in the Statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., financial statements when the foreign operation is a branch), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to the Statement of profit and loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items, if any, are also recorded in OCI. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the Statement of profit and loss are also recognized in OCI or the Statement of profit and loss, respectively).

Company's foreign branches

The Company has foreign operations that are subject to legal and regulatory regimes of the country of incorporation. The foreign operations are subject to such a regime and have transactions in their own local currency, the branches are considered as sufficiently autonomous business units by the management. Hence, the functional currency of the branches have been assessed to be United State Dollars (US$) while that of the India operations continues to be Indian Rupees (INR).

The assets and liabilities of foreign operations are translated into INR, which is the presentation currency of the Company, at the rate of exchange prevailing at the reporting date and their Statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Company 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 of branches are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Statement of profit and loss.

(b) Fair value measurement

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

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 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, such as properties and unquoted financial 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 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.

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

- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Financial instruments (including those carried at amortized cost) (note 35)

(c) Property, plant and equipment

The cost of an item of property, plant and equipment ('PPE') is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance costs are recognised in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any Gains of losses arising from de-recognition of PPE 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 PPE is derecognized.

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:

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Buildings	30	30
Plant and equipment*	15	15 to 20
Office equipment*	15	15
Computers	4 to 6	3 to 6
Vehicles	7 to 10	8

*includes site infrastructure which is fully depreciated in the year of purchase

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.

(d) 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 made. 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 credit risks.

Sales tax/ value added tax (VAT)/Goods and services tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The Company collects service tax/GST 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 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 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 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.

Also refer note 38 for disclosure related to Ind AS 115 – Revenue from Contract with Customers.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Interest income is accrued on a time propotion basis, by reference to the principal outstanding and the effective interest rate applicable

Dividend

Dividend income 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.

(e) 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

Initial Recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortized cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through the Statement of profit and loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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. This category generally applies to trade and other receivables.

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 P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

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.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies 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 P&L, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements and Ind AS 18)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss 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 loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss 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. For presentation in balance sheet, ECL is presented as an allowance as it 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 of financial assets measured at amortized cost and contract assets.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of profit and loss, loans and borrowings, or payables.

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 overdraft.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through the Statement of profit and loss

Financial liabilities at fair value through the Statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the Statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognized in the Statement of profit and loss.

Notes to financial statements for the period ended March 31, 2018

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

Financial liabilities designated upon initial recognition at fair value through the Statement of profit and loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss. The Company has not designated any financial liability as at fair value through 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 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.

(f) 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.

(g) Share capital

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

(h) 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 Company operates and generates taxable income.

Current income tax relating to items recognized outside the Statement of profit and loss is recognized outside the Statement of profit and loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. The 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 the Statement of profit and loss is recognized outside the Statement of profit and loss (either in other comprehensive income 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.

(i) 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.

(j) 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

Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with general inflation to compensate for lessor expected inflationary cost increase.

Company as a lessor

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.

(k) 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.

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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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 Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, 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.

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

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(l) 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.

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.

(m) 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

(n) 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 Manager of the Company as the chief executive decision maker of the Company. Refer note 32 for segment information presented.

(o) 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.

(p) 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. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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 Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

i. Revenue recognition on construction contracts

A significant portion of the Company's business relates to construction of assets which are 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 contingent losses including the estimate of legal expense to resolve the 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 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.

The Board of Directors has determined that the CODM is the Manager of the Company, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Manager 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 one reportable segment i.e. energy and allied services.

iv. Functional currency of branches

The Company has foreign operations that are required to comply with the local laws and regulations of those countries. The management has carried out an assessment each individual business unit operating in the separate geographical location. The management has performed this assessment for the purpose of defining that Company's foreign currency exposure which affects it results and financial position due to currency fluctuation. The business of both the branches is different from the Indian unit. The revenue and expenses are mainly US$ denominated and retained earnings which are separately held in a US$ bank account are considered as the major factors for assessment of the functional currency. Accordingly the functional currency is designated to US$ for the foreign branches.

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 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 judgements and assumptions regarding the amounts to recognize.

- 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

- 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 to the financial statements.

ii. 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.

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

iii. 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 judgement 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 impairment loss allowance on 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 Company estimates a default rate of 0.2% of total revenue for trade receivables and 0.5% of 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 ranging up to 8 and 10 years respectively. Refer note 5 and 11 for details of impairment allowance recognized as at the reporting date.

iv. Deferred taxes

The Company is subject to local taxes on income attributable to its branches as per the income tax laws in Philippines and Zambia. Additionally, the Company is subject to a 15% branch profit tax in these countries on the "Business Profit Remittances" and "Withholding Tax Return – Dividend" as that term is defined under Philippine and Zambian tax laws respectively. The Company intends to maintain the minimum required level of net assets as per the local regulation in these branches commensurate with its operation and consistent with its business plan. The Company intends to repatriate the branch profits in the foreseeable future and accordingly, the Company has recorded deferred tax liability for profits of the branches not repatriated to India amounting to Rs 259.68 (March 31, 2017: 244.09) as at the balance sheet date.

4 Property, plant and equipment

Particulars	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Vehicles	Total
Gross carrying amount	**12.22**	**304.19**	**151.00**	**208.03**	**95.75**	**24.32**	**795.51**
As at April 01, 2016 *							
Additions	-	-	0.09	18.80	0.17	-	19.06
Disposals	-	-	-	(0.68)	(1.65)	(24.32)	(26.65)
As at March 31, 2017	**12.22**	**304.19**	**151.09**	**226.15**	**94.27**	**-**	**787.92**
Additions	-	-	-	51.66	0.29	-	51.95
Disposals	-	-	(0.18)	(5.76)	(33.24)	-	(39.18)
As at March 31, 2018	**12.22**	**304.19**	**150.91**	**272.05**	**61.32**	**-**	**800.69**
Accumulated depreciation	**3.27**	**158.01**	**99.71**	**201.63**	**82.57**	**20.07**	**565.26**
As at April 01, 2016							
Charge for the year	0.18	10.15	5.96	18.76	3.71	-	38.76
Disposals	-	-	-	(0.34)	(1.57)	(20.07)	(21.98)
As at March 31, 2017	**3.45**	**168.16**	**105.67**	**220.05**	**84.71**	**-**	**582.04**
Charge for the year	0.18	10.15	4.87	52.27	3.36	-	70.83
Disposals	-	-	(0.06)	(3.36)	(31.58)	-	(35.00)
As at March 31, 2018	**3.63**	**178.31**	**110.48**	**268.96**	**56.49**	**-**	**617.87**
Net Block							
As at March 31, 2018	**8.59**	**125.88**	**40.43**	**3.09**	**4.83**	**-**	**182.82**
As at March 31, 2017	**8.77**	**136.03**	**45.42**	**6.10**	**9.56**	**-**	**205.88**

Details of assets taken on operating lease:

	March 31, 2018	March 31, 2017
Cost/Deemed cost	**12.22**	12.22
Accumulated depreciation	**3.63**	3.45
Net carrying amount	**8.59**	8.77

* The Company 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 Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The total gross block and corresponding total accumulated depreciation as at March 31, 2018, March 31, 2017 and April 1, 2016 as disclosed above should be adjusted (at least) by an amount of Rs. 537.21 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 block as at March 31, 2018 and March 31, 2017.

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

5 Trade receivables

5 (a) Non current trade receivables

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 34)	**589.31**	530.91
(ii) Others	**-**	-
Total receivables	**589.31**	530.91
Break-up of security details		
Secured, considered good	**-**	-
Unsecured, considered good	**589.31**	530.91
Doubtful	**-**	-
	589.31	530.91
Less: Impairment allowance	**-**	-
Total	**589.31**	530.91

5 (b) Current trade receivables

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 34)	**1,362.59**	1,203.40
(ii) Others	**1,856.23**	2,469.21
Total receivables	**3,218.82**	3,672.61
Break-up of security details		
Secured, considered good	**303.20**	153.64
Unsecured, considered good	**2,915.62**	3,594.45
Doubtful	**461.83**	236.17
	3,680.65	3,984.26
Less: Impairment allowance	**(461.83)**	(311.65)
Total	**3,218.82**	3,672.61

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 receivable are 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.

6 Deferred tax assets (net)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Unrealized foreign exchange gain	**(14.23)**	(5.86)
	(14.23)	(5.86)
Deferred tax assets		
Provision for doubtful receivables	**0.32**	27.61
Items allowed on payment basis	**88.61**	-
	88.93	27.61
Deferred tax assets (net)	**74.70**	21.75

The above deferred tax asset (net) pertains to the branches.

7 (a) Other non-current assets

	As at March 31, 2018	As at March 31, 2017
Balances with government authorities		
Unsecured considered good	**527.09**	272.36
Unsecured considered doubtful	**149.51**	190.45
	676.60	462.81
Less : Impairment allowance	**(149.51)**	(190.45)
Total	**527.09**	272.36

There were no advances due by directors or other 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 any director is a partner or a member.

7 (b) Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Advances to supplier	**495.82**	191.22
Advances to employees	**13.33**	18.14
Advances to group companies (note 34)	**-**	11.12
Prepaid expenses	**46.27**	36.08
Balances with government authorities	**195.33**	533.94
Prepaid employee benefits (note 33)	**55.51**	53.14
Others^^	**165.13**	75.54
Total	**971.39**	919.18

^^includes receivables from Related Parties Rs Nil (March 31, 2017: Rs 69.29). Refer note 34.

There were no advances due by directors or other 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 a director is a partner or a member.

8 Current investments

	Face value	As at March 31, 2018	As at March 31, 2017
Investments at Fair value through Statement of profit and loss			
Investments in Mutual Funds :			
Liquid/ liquid plus and duration funds (unquoted)			
ICICI Prudential Money Market Fund - Daily Dividend	Rs. 100	**-**	62.03
ICICI Prudential Money Market Fund - Direct Daily Dividend	Rs. 100	**-**	251.57
ICICI Pru-Money Market Fund -Direct Growth	Rs. 100	**622.85**	-
UTI Liquid Fund - Cash Plan - Institutional - Direct Plan	Rs. 1,000	**-**	439.16
Kotak Liquid Direct Plan Growth	Rs. 1,000	**13.32**	-
Aditya Birla Sun Life Floating Rate Fund STP-Growth- Direct	Rs. 100	**757.11**	-
SBI Magnum Insta Cash - Direct - Growth	Rs. 1,000	**200.86**	-
IDFC Cash Fund - Direct - Growth	Rs. 1,000	**150.46**	-
Tata Money Market Fund - Direct Plan - Growth	Rs. 1,000	**957.33**	-
		2,701.93	752.76

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

8 Current investments

	Face value	As at March 31, 2018	As at March 31, 2017
Number of units held for above investments			
ICICI Prudential Money Market Fund - Daily Dividend		-	61,953.64
ICICI Prudential Money Market Fund - Direct Daily Dividend		-	2,51,208.95
ICICI Pru-Money Market Fund -Direct Growth		2,59,021.27	-
UTI Liquid Fund - Cash Plan - Institutional - Direct Plan		-	43,078.55
Kotak Liquid Direct Plan Growth		378.10	-
Aditya Birla Sun Life Floating Rate Fund STP-Growth-Direct		3,26,359.88	-
SBI Magnum Insta Cash - Direct - Growth		5,226.54	-
IDFC Cash Fund - Direct - Growth		7,129.95	-
Tata Money Market Fund - Direct Plan - Growth		34,959.73	-
Aggregate amount of unquoted investments		2,701.93	752.76
Aggregate amount of impairment in the value of investments		-	-

9 (a) Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks		
- in current accounts *	**1,899.63**	2,067.42
Cheques on hand (note 34)	**294.00**	-
Cash on hand	**0.16**	-
Total	**2,193.79**	2,067.42

* this includes bank balances of Rs. 1,624.04 (March 31, 2017 Rs. 1,899.99) at branches which can be used freely for business in those countries. For any repatriation to India, these are subject to repatriation taxes as per the local laws of those countries.

9 (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**	**0.32**	0.32
Total	**0.32**	0.32

**pertains to deposit with Commercial Tax Officer, Indore

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

During the year ended March 31, 2017, the Company did not have Specified Bank Notes (SBNs) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of SBNs held and transacted during the period from November 8, 2016 to December, 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

	SBNs ^	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amounts deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

^ 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 said disclosure is not applicable for the year ended March 31, 2018

10 Current Assets - loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Security deposits	**7.60**	8.91
Loans to employees	**6.61**	6.78
Total	**14.21**	15.69

No loans are due from directors or other officers 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.

11 Other current financial assets

	As at March 31, 2018	As at March 31, 2017
Unbilled revenue (note 29)	753.74	650.20
Trade deposits	47.42	43.14
Total	801.16	693.34

Unbilled revenue is net of impairment allowance of Rs. 24.88 (March 31, 2017: Rs. 38.94) as at the balance sheet date.

Trade deposits represents deposit given as per statutory requirements for overseas branches.

12 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
9,000,000 (March 31, 2017: 9,000,000) equity shares of Rs. 10/- each	**900.00**	900.00
	900.00	900.00
Issued, subscribed and fully paid share capital (Nos)		
9,000,000 (March 31, 2017: 9,000,000) equity shares of Rs. 10/- each	**900.00**	900.00
Total issued, subscribed and fully paid-up share capital	**900.00**	900.00

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

	No. of shares	Amount
Equity share of Rs. 10 each issued, subscribed and fully paid		
At April 01, 2016	**90,00,000**	900.00
Changes during the year	**-**	-
At March 31, 2017	**90,00,000**	900.00
Changes during the year	**-**	-
At March 31, 2018	**90,00,000**	900.00

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

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 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 shares held by holding company

	As at March 31, 2018	As at March 31, 2017
Thermax Limited	**900.00**	900.00
9,000,000 (March 31, 2017: 9,000,000) equity shares of Rs. 10/- 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
Thermax Limited		
%	100.00	100.00
No. of shares	90,00,000	90,00,000

13 Other equity

	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
Capital reserve	**1,118.84**	1,118.84
Retained earnings		
Opening balance	**(835.71)**	(1,959.42)
Add: Profit for the year	**1,236.93**	1,106.72
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement gain on post-employment benefit plans, net of tax Rs. 4.15 (March 31, 2017 Rs. 8.99)	**7.84**	16.99
Net Surplus/(Deficit) in the Statement of profit and loss	**409.06**	(835.71)
Total Reserves and surplus	**1,527.90**	283.13
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	**(52.02)**	17.36
Add/(Less): movement during the period	**63.26**	(69.38)
Closing balance	**11.24**	(52.02)
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2017 Rs. Nil)	**160.21**	-
Total	**1,699.35**	231.11

Capital reserve

Capital Reserve pertains to reserves arising on amalgamations in the earlier years which is required to be maintained as per statute and is not distributable to the shareholders.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve pertains to exchange differences on the translation of foreign branches having a functional currency other than INR.

14 (a) Non-current borrowings

	As at March 31, 2018	As at March 31, 2017
1% Non-cumulative Redeemable Preference Shares at fair value^	**773.97**	901.79
10,000,000 Preference Shares of Rs 10/- each fully paid		
Total non current borrowings	**773.97**	901.79
Less: amount disclosed under the head "Other current financial liabilities" (note 16)	-	901.79
Total	**773.97**	-

^ This forms a part of the authorized share capital of 15,000,000 (March 31, 2017: 15,000,000) preference shares of Rs 10 each as per the Companies Act, 2013

14 (b) Current borrowings

	As at March 31, 2018	As at March 31, 2017
Cash credit from bank (secured)	-	84.92
Total	-	84.92

Cash credit facility is available upto Rs. 2,000 (March 31, 2017: Rs 2,000) repayable on demand and working capital demand loan (interchangeable with non-fund facility upto Rs. 1,000 (March 31, 2017: Rs 1,000)) repayable upto 180 days as bullet payment on maturity date. Loans are secured by exclusive first charge on book debts and other moveable assets of the Company and comfort letter from the Parent Company.

15 (a) Non current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables		
(i) Others	**314.62**	276.62
Total	**314.62**	276.62

15 (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 15(c))	**31.42**	62.71
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related Parties (note 34)	**71.08**	134.38
(ii) Others	**2,931.80**	2,979.35
Total	**3,034.30**	3,176.44

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

15 (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	31.42	49.48
- Interest due thereon	-	13.23
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	3.36	0.03

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

The amount of payment made to the supplier beyond the appointed day during the period	-	52.29
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	-	0.37
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	13.60
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	-	-

16 Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
i) Fair value through Statement of profit and loss		
Current maturities of long-term borrowings (note 14 (a))	**-**	901.79
ii) At amortized cost		
Employee related payables	**126.15**	161.63
Customer deposits	**58.19**	215.42
Total	**184.34**	1,278.84

17 (a) Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017
Customer advances		
(i) Others	**2.10**	14.08
Total	**2.10**	14.08

17 (b) Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue (note 29)	**2,759.64**	2,750.64
Customer advances		
(i) Related Parties (refer note 34)	**46.08**	188.25
(ii) Others	**3,210.98**	1,368.71
Statutory dues and other liabilities*	**268.32**	347.78
Total	**6,285.02**	4,655.38

* mainly includes tax deducted at source, provident fund, etc. in India and Philippines

18 Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for leave encashment	**70.49**	82.25
	70.49	82.25
Other provisions		
Provision for onerous contracts	**119.25**	182.11
	119.25	182.11
Total	**189.74**	264.36

Movement in provisions for onerous contracts

	March 31, 2018	March 31, 2017
As at March 31, 2017	**182.11**	262.37
Additional provision recognized	**274.36**	21.59
Provision (utilized)/ (reversed) during the year	**(337.22)**	(101.85)
As at March 31, 2018	**119.25**	182.11

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 estimated to be over the contract period.

19 Deferred tax liabilities (net)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Retained earnings of foreign branches	259.68	244.09
Fair value adjustment of financial instruments	89.89	33.99
	349.57	278.08
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	(21.04)	(12.20)
Provision for doubtful receivables, advances, balance with government authorities, etc)	(131.71)	(94.59)
Disallowances under section 40(a) of the Income Tax Act, 1961	-	(2.45)
Provisions allowed on payment basis	(29.78)	(13.19)
Others	(28.35)	-
	(210.88)	(122.43)
Total	138.69	155.65

The Company 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.

20 Revenue from operations

	March 31, 2018	March 31, 2017
Sale of services #	**10,608.28**	12,148.10
Other operating revenue		
Sale of scrap	**68.68**	32.76
Exchange fluctuation gain (net)	**-**	60.56
	68.68	93.32
Revenue from operations	**10,676.96**	12,241.42

The above includes revenue from construction services contracts of Rs 7,315.12 (March 31, 2017: Rs 7,799.15.) Refer note 29.

21 Other income

	March 31, 2018	March 31, 2017
Interest income from financial assets at amortized cost		
Bank deposits	**0.02**	0.02
Interest income from others	**0.75**	39.69
Dividend income on investments	**5.71**	15.64
Fair value gain on financial instrument at fair value through profit and loss		

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

- On Mutual Funds	**140.49**	-
Rent income (Refer note 31 (b)(ii))	**62.16**	62.16
Liabilities no longer required written back	**187.74**	291.28
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	**107.66**	123.87
Total	**504.53**	532.66

22 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	**2,187.43**	2,465.57
Contribution to provident and other funds	**76.65**	105.15
Gratuity expense (note 33)	**10.27**	13.04
Staff welfare expenses	**22.54**	15.91
Total	**2,296.89**	2,599.67

23 Finance costs

	March 31, 2018	March 31, 2017
Interest accretion on borrowings	**98.21**	87.70
Interest expense	**17.50**	9.26
Total	**115.71**	96.96

24 Depreciation expense

	March 31, 2018	March 31, 2017
Depreciation on property, plant and equipment (note 4)	**70.83**	38.76
Total	**70.83**	38.76

25 (a) Other expenses

	March 31, 2018	March 31, 2017
Consumption of stores and spare parts	**33.88**	21.78
Power and fuel	**30.89**	34.39
Site expenses and contract labour charges	**5,325.55**	6,600.65
Advertisement and sales promotion	**9.75**	10.64
Rent (note 31 (b)(i))	**68.37**	72.64
Rates and taxes	**86.69**	105.52
Insurance	**31.69**	34.87
Repairs and maintenance		
Plant and machinery	**0.19**	0.54
Buildings	**-**	3.12
Others	**4.93**	4.33
Travelling and conveyance	**153.88**	264.65
Legal and professional fees (includes payment to auditors; refer note 25(b))	**181.73**	176.84
Director’s sitting fees (note 34)	**8.20**	7.60
Bad debts/ advances written off	**-**	30.28
Provision for impairment of financial assets (net of reversals)	**135.39**	(107.51)
Exchange fluctuation loss (net)	**26.66**	-
Loss on sale/ discard of assets (net)	**3.85**	1.46
Corporate Social Responsibility expenditure (Refer note 25(c))	**30.38**	20.23
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	**135.82**	168.26
Total	**6,267.85**	7,450.29

25 (b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit fee	**5.00**	5.00
In other capacity		
Other services	**3.00**	-
Reimbursement of expenses	**0.33**	0.46
Total	**8.33**	5.46

25 (c) Corporate Social Responsibility

	March 31, 2018	March 31, 2017
Gross amount required to be spent by the Company during the year	**30.38**	20.23
Total	**30.38**	20.23

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2018			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	30.38	-	30.38
	30.38	-	30.38
During the year ended March 31, 2017			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	20.23	-	20.23
	20.23	-	20.23

* The amount is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India). Refer Note 34.

26 Income taxes

The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss

	As at March 31, 2018	As at March 31, 2017
Current income tax charge		
Current income tax	**1,022.77**	1,112.02
Adjustments in respect of current income tax of previous year	**-**	15.62
Deferred tax		
Relating to origination and reversal of temporary differences	**(139.89)**	(115.33)
Income tax expense reported in the Statement of profit and loss	**882.88**	1,012.31

Other Comprehensive Income

	As at March 31, 2018	As at March 31, 2017
Deferred tax related to items recognized in Other Comprehensive Income during the period		
Net movement on translation of foreign operations	**-**	-
Re-measurement of defined benefit plans	**(4.15)**	(8.99)
Income tax charged to Other Comprehensive Income	**(4.15)**	(8.99)

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

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

	As at March 31, 2018	As at March 31, 2017
Accounting profit before tax	**2,119.81**	2,119.03
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	**733.62**	733.35
Reconciliation items and tax impact of the same		
Effects of income not subject to tax (Dividend income)	**(5.71)**	(5.41)
Effects of non-deductible business expenses	**3.61**	107.97
Effects of tax losses carried forward / tax credits		
- Deferred taxes of earlier periods recognized in current period	**-**	(77.63)
Deferred tax on unrealized profits of branches	**15.59**	27.54
Effect of changes in tax rates	**(13.18)**	-
Change in current tax due to change in functional currency	**-**	-
Taxes paid on repatriation of branch profits	**136.39**	210.87
Others	**12.56**	-
Taxes from prior periods	**-**	15.62
At the effective tax rate of 41.65 % (March 31, 2017: 47.77%)	**882.88**	1,012.31
Income tax expense reported in the Statement of profit or loss	**882.88**	1,012.31

27 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity (net of income tax) is shown below:

During the year ended March 31, 2018

	Foreign currency translation	Retained earnings	Total
Foreign currency translation differences	63.26	-	63.26
Re-measurement gains on defined benefit plans	-	7.84	7.84
Total	63.26	7.84	71.10

During the year ended March 31, 2017

	Foreign currency translation	Retained Earnings	Total
Foreign currency translation differences	(69.38)	-	(69.38)
Re-measurement (losses) on defined benefit plans	-	16.99	16.99
Total	(69.38)	16.99	(52.39)

28 Earnings Per Share (EPS)

	March 31, 2018	March 31, 2017
Net profit attributable to the equity shareholders of the Company	**1,236.93**	1,106.72
Weighted average number of Equity shares of Rs.10/- each (Nos.)	**90,00,000**	90,00,000
Basic and diluted EPS	**13.74**	12.30

29 Disclosure pursuant to Ind AS 11 - Construction contracts

	Year ended March 31, 2018	Year ended March 31, 2017
Contract revenue recognized during the year	**7,315.13**	7,799.15
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognized profits (less recognized losses)	**1,03,771.16**	96,456.45

	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress	**2,616.12**	1,404.32
Retention money due from customers for contracts in progress	**880.76**	862.83
Gross amount due from customers [disclosed as unbilled revenue (refer note 11)]	**753.74**	650.20
Gross amount due to customers [disclosed as unearned revenue (refer note 17 (b))]	**2,759.64**	2,750.64

30 Contingent liabilities

	March 31, 2018	March 31, 2017
Disputed VAT balances / liabilities (including Rs. 0.42 pertaining to Philippines branch)	**19.93**	-
Disputed liabilities pertaining to corporate income-tax for Philippines branch	**5.53**	
Disputed Sales tax liabilities^		
- West Bengal	**-**	-
- Andhra Pradesh	**-**	-
- Chhattisgarh	**-**	-
- Tamil Nadu	**-**	-

^on account of exemption claimed by the Company on payment of labour charges, free-of-cost material received from customer and tax deducted at source certificate for Works Contract Tax not considered. During the year ended March 31, 2017, the Company has paid the sales tax liabilities for West Bengal and Chhattisgarh.

During the year ended March 31, 2017, for service tax, income tax and sales tax (pertaining to Andhra Pradesh) cases, the outcome of these proceedings have been in the favour of the Company.

During the year ended March 31, 2018, the Company has committed unconditional financial support (through a comfort letter) to one of its branches to meet the financial obligations for a period of 12 months from the letter of support dated May 3, 2018.

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

31 Capital and other commitments

a) There are no estimated amounts of contracts remaining to be executed at the year end on capital account (March 31, 2017 Rs. Nil).

b) Lease commitments

i) Operating lease: Company as lessee

The Company has taken building, equipment and residential flats for employees at branches on operating lease. The tenure of such leases ranges from 1 to 3 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	**68.37**	72.64
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	**6.21**	9.27
After one year but not more than five years	**-**	-
More than five years	**-**	-

ii) **Operating lease: Company as lessor**

The Company has leased certain parts of its surplus office and manufacturing buildings. The tenure of such lease agreements ranges from 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	March 31, 2018	March 31, 2017
Lease received for the year	**62.16**	62.16
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 Segment reporting

Based on the guiding principles in "Ind AS 108- Operating Segments", the Company's business activity falls within one operating segment, i.e. Energy and allied services, and therefore no separate segment information is disclosed.

Information of geographical areas-

Sales revenue by geographical markets

Particulars	March 31, 2018	March 31, 2017
Within India	**6,728.13**	7,976.09
Outside India	**3,948.83**	4,265.33
Total	**10,676.96**	12,241.42

Non current assets by geographical segments *

Particulars	March 31, 2018	March 31, 2017
Within India	**2,956.35**	2,453.08
Outside India	**1.41**	1.34
Total	**2,957.76**	2,454.42

* Non current assets includes all non-current assets other than financial instruments and deferred tax assets.

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 the rate of 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 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.

I Changes in the net benefit obligation and fair value of plan assets are as follows : 1.00E+05

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**93.18**	**146.32**	**(53.14)**
Current service cost	14.41	-	14.41
Interest expense	6.39	10.53	(4.14)
Total amount recognised in the Statement of profit and loss	**20.80**	**10.53**	**10.27**
Experience adjustments	(8.09)	-	(8.09)
Actuarial (gain)/loss from change in financial assumptions	(2.86)	-	(2.86)
Return on plan assets	-	1.04	(1.04)
Total amount recognised in Other Comprehensive Income	**(10.95)**	**1.04**	**(11.99)**
Employer contributions	-	0.65	(0.65)
Benefits paid	(3.89)	(3.89)	-
March 31, 2018	99.14	154.65	(55.51)

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	**99.14**	93.18
Fair value of plan assets	**154.65**	146.32
Surplus of funded plan	**(55.51)**	(53.14)

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.50%	7%
Salary growth rate	7%	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	10%	10%

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

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.00% increase	decrease by Rs. 5.85	decrease by Rs. 5.97
1.00% decrease	increase by Rs. 6.55	increase by Rs. 6.73
Future salary increase		
1.00% increase	increase by Rs. 6.03	increase by Rs. 6.20
1.00% decrease	decrease by Rs. 5.49	decrease by Rs. 5.61
Attrition Rate		
1.00% increase	decrease by Rs. 0.09	decrease by Rs. 0.14
1.00% decrease	increase by Rs. 0.09	increase by Rs. 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 method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

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	**12.65**	13.74
Between 2-5 years	**40.26**	36.26
> 5 years	**40.67**	46.10

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2017: 7 years)

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%

34 Related party disclosures

A Holding Company and Ultimate Holding Companies

	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2018	March 31, 2017	
1	RDA Holdings Private Limited	India	0%	0%	Ultimate holding company
2	Thermax Limited	India	100%	100%	Holding company

B Individuals having control or significant influence over the Company by reason of voting power, and their relatives:

1 Mrs. Meher Pudumjee - Chairperson of Holding Company
2 Mrs. Anu Aga - Director of Holding Company
3 Mr. Pheroz Pudumjee - Director of Holding Company

C Enterprise, over which control is exercised by individuals listed in 'C' above:

	Name of the entity	Place of business/ Country of incorporation
1	Thermax Foundation (earlier known as Thermax Social Initiative Foundation)	India

D Key Management Personnel:

1 Mr. Madan Lal Bindra - Manager
2 Mr. Harish Tikotkar - Chief Financial Officer (w.e.f. May 5, 2017)
3 Mr. Sudhir Lale - Company Secretary
4 Mr. Ajay Joshi - Independent Director
5 Mr. Ashok Joshi - Independent Director
6 Mr. Amitabha Mukhopadhyay - Director
7 Mr. B. C. Mahesh - Director
8 Mr. Ravinder Advani - Director

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

Transactions during the year

Particulars	Holding Company - Thermax Limited		Fellow subsidiary- Thermax Engineering Construction Company Limited		Fellow subsidiary- Thermax Energy & Environment Philippines Corporation		Entities controlled by Holding company		Key Management Personnel and Individuals mentioned in C		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	March 31, 2018	March 31, 2017
Sales of services	2,829.86	2,893.59	-	-	-	-	-	-	-	-	**2,829.86**	**2,893.59**
Rent income	59.52	59.52	-	-	-	-	-	-	-	-	**59.52**	**59.52**
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Recovery of expenses	126.94	626.98	-	10.99	-	9.60	-	-	-	-	**126.94**	**647.57**
Purchase of Property, Plant & Equipment	0.21	-	-	-	-	-	-	-	-	-	**0.21**	**-**
Purchase of project bought-out and components	-	4.36	-	-	-	-	-	-	-	-	**-**	**4.36**
Reimbursement of expenses	411.24	570.36	-	-	-	-	-	-	-	-	**411.24**	**570.36**
Remuneration to key management personnel *	31.65	64.38	-	-	-	-	-	-	8.20	7.60	**39.85**	**71.98**
Donation	-	-	-	-	-	-	30.38	20.23	-	-	**30.38**	**20.23**
Commission paid on corporate guarantee received	4.33	8.42	-	-	-	-	-	-	-	-	**4.33**	**8.42**
Advances written off	-	19.24	-	-	-	-	-	-	-	-	**-**	**19.24**
Rent paid	57.60	57.60	-	-	-	-	-	-	-	-	**57.60**	**57.60**

* Components of Remuneration to key management including sitting fees

Particulars	**March 31, 2018**	March 31, 2017
(a) Salary/ Retainership fees reimbursed to Thermax Limited		
Mr. Madan Lal Bindra	**12.00**	42.00
Mr. Harish Tikotkar (w.e.f. May 5, 2017)	**19.65**	-
Mr. Vedhanarayanan K.S.	**-**	22.38
(b) Director sitting fees paid to independent directors		
Mr. Ajay Joshi	**4.10**	3.80
Mr. Ashok Joshi	**4.10**	3.80

Terms and conditions of related party transactions
The sales and purchases to/ from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended March 31, 2018, the Company has recorded an impairment of receivables relating to amounts owed by related parties amounting to Rs Nil (March 31, 2017: Rs. 19.24). 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.

Balances as at the year end

Particulars	Holding Company - Thermax Limited		Fellow Subsidiary- Thermax Engineering Construction Company Limited		Fellow Subsidiary- Thermax Energy & Environment Philippines Corporation		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
Trade receivables	1,951.90	1,734.31	-	-	-	-	**1,951.90**	**1,734.31**
Advances and other receivables	-	69.29	-	1.52	-	9.60	**-**	**80.41**
Trade payables	71.08	134.38	-	-	-	-	**71.08**	**134.38**
Borrowings^^	773.97	901.79	-	-	-	-	**773.97**	**901.79**
Customer advances	46.08	188.25	-	-	-	-	**46.08**	**188.25**
Cheques on hand	294.00	-	-	-	-	-	**294.00**	**-**
Guarantee/ letter of comfort received	1,858.15	488.63	-	-	-	-	**1,858.15**	**488.63**

^^pertain to the non-cumulative redeemable preference shares issued considered as borrowings. The said preference shares were due for redemption on March 29, 2018. The holding company has agreed for extension of redemption of preference shares from March 29, 2018 to June 30, 2020. The amount disclosed above represent the fair value of the borrowings.

There are no outstanding balances in respect of parties Entities controlled by Holding Company and Key Management Personnel and Individuals mentioned in C.

Terms and conditions for outstanding balances
All outstanding balances are unsecured, interest free and repayable in cash except the guarantee/letter of comfort received.

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

35 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	**3,808.13**	4,203.52
Cash and cash equivalents	**2,193.79**	2,067.42
Bank balances other than cash and cash equivalents	**0.32**	0.32
Loans	**14.21**	15.69
Other financial assets	**801.16**	693.34
Total	**6,817.61**	6,980.29
Current assets	**6,228.30**	6,449.38
Non-current assets	**589.31**	530.91
Total	**6,817.61**	6,980.29

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	**2,701.93**	752.76
Total	**2,701.93**	752.76
Current assets	**2,701.93**	752.76
Non-current assets	**-**	-
Total	**2,701.93**	752.76

a. The fair values of the quoted shares and mutual funds are based on price quotations at the reporting date.

b. Long-term receivables are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

Break up of financial liabilities carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Borrowings	**-**	84.92
Trade payable	**3,348.92**	3,453.06
Other liabilities	**184.34**	377.05
Total	**3,533.26**	3,915.03
Current liabilities	**3,218.64**	3,638.41
Non current liabilities	**314.62**	276.62
Total	**3,533.26**	3,915.03

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

Break-up of financial liabilities carried at fair value through profit and loss

	As at March 31, 2018	As at March 31, 2017
Borrowings	**773.97**	901.79
Total	**773.97**	901.79
Current liabilities	**-**	-
Non current liabilities	**773.97**	901.79
Total	**773.97**	901.79

The fair values of the Company's interest-bearing borrowings are determined by using discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own nonperformance risk as at March 31, 2018 and all comparitive periods presented were assessed to be insignificant.

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				
Mutual funds	March 31, 2018	-	2,701.93	-
Financial liabilities				
Borrowings	March 31, 2018	-	-	773 97

Quantitative disclosures fair value measurement hierarchy for assets as at March 31. 2017

	Date of valuation	Level 1	Level 2	Level 3 k
Financial assets				
Investments				
Mutual funds	March 31, 2017	-	752.76	-
Financial liabilities				
Borrowings	March 31, 2017	-	-	901.79

There has been no transfer between level 1 nand level 2 during the year
* The movemnt in level 3 is on account of interest accretion on preference shares.

36 Financial risk management

The Company's principal financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company's borrowings and investments are designated as financial liabilities and assets through profit or loss respectively.

I Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: interest rate risk and currency risk . Financial instruments affected by market risk include borrowings, bank deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

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. Other than cash credit facility, the Company's borrowing consist of non-cummulative redeemable preference shares issued to the Parent Company. This has a fixed interest rate of 1% and hence there is no significant exposure to the risk of changes in market interest rates.

b Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company’s foreign operations through its branches at Philippines and Zambia and export order India

The following table demonstrates the sensitivity to a reasonably possible change in USD 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 assets and liabilities. The impact is stated in Rupees (denominated in Lakh) below:

	March 31, 2018	March 31, 2017
Decrease in US$ rate by 5%	**(134.98)**	(83.00)
Increase in US$ rate by 5%	**134.98**	83.00

The exposure to other foreign currencies is not significant to the Company’s financial statements as all the undistributed profits at the overseas branches are mainatined and/ or repatriated to India in US$.

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 from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company’s established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. 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 cash deposits

Credit risk from balances with banks and mutual funds is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties 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.

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. 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.

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

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

Particulars	Less than 1 year	1 to 3 years	Total
As at March 31, 2018			
Borrowings	-	-	-
Trade payables	3,034.30	314.62	3,348.92
Other financial liabilities :			
Current maturities of long-tem borrowings	-	1,000.00	1,000.00
Employee related payables	126.15	-	126.15
Customer Deposits	58.19	-	58.19
	3,218.64	1,314.62	4,533.26
As at March 31, 2017			
Borrowings	84.92	-	84.92
Trade payables	3,176.44	276.62	3,453.06
Other financial liabilities :			
Current maturities of long-tem borrowings	1,000.00	-	1,000.00
Employee related payables	161.63	-	161.63
Bank overdraft	-	-	-
Customer Deposits	215.42	-	215.42
	4,638.41	276.62	4,915.03

37 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 Parent Company and is measured at Rs 2,599.35 (March 31, 2017: Rs. 1,131.11).

38 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("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.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial stataments and the impact is not material.

Ind AS 115 - Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs (" MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an account that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertatinty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transaction:

* Retrospective approch - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accounts with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors.

* Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumilative catch - up approach). The effective date for adoption of Ind AS 115 Iis financial period begining on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch - up transaction method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The company is in the process of assessing the impact on adoption of Ind AS 115.

For SRBC & CO LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Thermax Instrumentation Limited**	
ICAI Firm Reg No.324982E/E300003		
per Tridevlal Khandelwal	**B. C. Mahesh**	**Amitabha Mukhopadhyay**
Partner	Director	Director
Membership No. 501160	DIN: 06631816	DIN: 01806781
Harish Tikotkar	**Sudhir Lale**	**M. L. Bindra**
Chief Financial Officer	Company Secretary	Manager
	Place: Pune	
	Date: May 4, 2018	

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Board of Directors

Ishrat Mirza
Hemant Mohgaonkar
Amitabha Mukhopadhyay
M. S. Unnikrishnan
Sanjay Parande (Independent Director)
Sundar Parthasarathy (Independent Director)

Key Managerial Personnel

Sriram Vishwanathan (Chief Executive Officer)
Ajit Sharma (Chief Financial Officer)
Shrinidhi Deopujari (Company Secretary)

Registered Office

Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune - 411003

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor,
Lane No. 10, Prabhat Road,
Pune 411004

Bankers

Corporation Bank
ICICI Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Ninth Annual Report of the company for the year ended March 31, 2018.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2017-18	2016-17
Total income	**6537.24**	5902.65
Profit before depreciation	**1411.51**	1193.92
Depreciation	**24.83**	22.75
Profit before tax	**1386.68**	1171.17
Provision for taxation (incl. deferred tax)	**378.37**	429.33
Profit after tax	**1008.31**	741.84

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 6537.24 lakh (previous year Rs. 5902.65 lakh). Profit before tax stood at Rs 1386.68 lakh (previous year Rs. 1171.17 lakh) and profit after tax was Rs. 1008.31 lakh (previous year Rs. 741.84 lakh). During the financial year, the company has produced and supplied close to 267000 ton steam and 13100 Mn. Kcal of heat from the existing and new projects.

In the year, the company started commercial operations in Gujarat at a pesticide plant of one of India's oldest and most respected industry houses. The operations have stabilized fairly well and the plant is operating satisfactorily.

The company also won 3 orders for steam supply in the past year. The first order is from a large industry house which has a listed Polyester yarn company with its factory in Maharashtra. The second order, which is from a privately held pharmaceutical company for steam supply to its factory in Tamil Nadu, marks the company's entry in Pharma sector. The last order is from a reputed South India based Organic extract company and the order is for steam supply at its factory which is to be setup in Karnataka. All plants will be operated on agro-waste fuel, thereby helping customers achieve their sustainability goals.

In addition, the company won orders to expand its utility supply with its existing customers. By innovating to maximize capacity from existing plants and adding additional equipment, the company will provide additional energy to its customers and help them substitute fossil fuel, thereby reducing cost and carbon footprint.

Global crude oil remained subdued in the first half of the year and witnessed a sharp upswing in the second half. Customer perception on energy cost trends seem to be changing and there are signs of revival in fossil fuel replacement opportunities.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the company.

HEALTH AND SAFETY

The company achieved OHSAS 18001 certification in the FY 16-17 and continued its efforts to improve its Safety and Health standards through the year. The first OHSAS 18001 surveillance audit was successfully completed in this year with no non-conformances.

For the year, the company recorded an accident free year and achieved a Lost Time Injury per million man hours worked or LTIFR of 0. The company tracks safety indices like LTIFR, LTI free days and Million Safe man hours along with forward looking metrics like number of Safety audits, Internal Safety Audit Compliance, Safety training man-days, mock drills to set and achieve higher benchmarks in terms of safety.

DIVIDEND

With a view to conserve funds for future expansion of the business, the Directors do not recommend any dividend for the year.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The company does not propose to carry any amount to reserves.

SHARE CAPITAL

The Paid up Share Capital of the Company is Rs. 1,865 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

PUBLIC DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the company did not give any loan or made an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

BUSINESS RISK MANAGEMENT

The continuously evolving environmental consciousness in the country presents both opportunities and risks, which the company evaluates rigorously and takes actions to address the same. The country's evolving energy mix and policies for use of agro-waste, forest resources, ethanol blending are other macro-economic factors which the company observes carefully and takes actions to improve its competitive advantage and be ahead of the curve in terms of both compliance and relevance to society and market. The activities to incubate the water utility business and expand into newer geographies are also beginning to show results. Overall, the company improved its Enterprise Risk Management framework through the year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal controls are reviewed by Internal Audit Department of the holding company on a periodical basis. All significant and material observations emerging out of Internal Audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board had adopted a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as "Annexure 1" and forms part of this report.

DIRECTORS

Mr. Sundar Parthsarathy has been re-appointed as an Independent director on the Board of your company on March 31, 2018 for a period of five years commencing from March 31, 2018 to March 30, 2023. Mr. Sanjay Parande has also been re-appointed as an Independent director on the Board of your company on April 28, 2018 for a term of five years commencing from April 28, 2018 to April 27, 2023.

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Hemant Mohgaonkar, Director retires by rotation and being eligible offers, himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received declarations from the independent directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

BOARD MEETINGS

The Board met four times on April 27, 2017, July 31, 2017, November 02, 2017 and January 25, 2018 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 1st October 2017. The Company is in compliance with the revised secretarial standards.

COMMITTEES OF THE BOARD

The Board has constituted following committees viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

AUDIT COMMITTEE

The Committee met four times during the year on April 27, 2017, July 31, 2017, November 02, 2017 and January 25, 2018, where all the members were present. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Mr. Sanjay Parande (Chairman), Mr. Sundar Parthasarathy and Mr. Amitabha Mukhopadhyay.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 31, 2017 and January 25, 2018, where all the members were present. The Committee comprises of three members, all being non-executive Directors namely Mr. Sundar Parthasarathy (Chairman), Mr. Sanjay Parande and Mr. Hemant Mohgaonkar.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with section 135 of the Companies Act 2013, the Board has constituted Corporate Social Responsibility (CSR) Committee. The Committee met once during the year on January 25, 2018 where all the members were present..The Committee comprises of 3 (Three) members, namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Sundar Parthasarathy and Mr. Sanjay Parande. A Report on CSR activities is annexed as "Annexure 2".

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before the Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9, as required under Section 92, of the Companies Act, 2013, is annexed herewith as "Annexure 3" and forms part of this report.

CONSERVATION OF ENERGY

The company is in the business of providing utilities generated through renewable energy sources to its clients. This activity directly helps its clients to reduce the Carbon Footprint.

TECHNOLOGICAL ABSORPTION

There was no technology acquisition and absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year.

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

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 and its future operations.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company is committed to provide a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

M/s. B.K. Khare & Co., Chartered Accountants, are the statutory auditors of the company till the conclusion of 10th Annual General Meeting.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

For and on behalf of the Board of Directors of
Thermax Onsite Energy Solutions Limited

	Amitabha Mukhopadhyay	Hemant Mohgaonkar
	Director	Director
Pune, April 26, 2018	DIN: 01806781	DIN: 01308831

ANNEXURE 1

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES

The Nomination & Remuneration (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding company. It was also decided that considering the nature of business of the company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the company and its employees. This Policy is based on the above TOR of NRC:

(1) Criteria for selection and appointment of Directors:

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s.164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

(2) Remuneration:

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding company and do not receive any remuneration or sitting fees.

The overall remuneration shall be in accordance with Sec.197 and other applicable provisions & rules made there under from time to time.

(3) Remuneration Policy for Senior Management, KMPs and employees:

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow Holding Company's Criteria as some of the KMPs are designated by the holding company:

(i) The remuneration is divided into Fixed component & Variable component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/ variable pay shall be decided by the holding company.

ANNEXURE 2

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

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

   The Board of Directors, after taking into account the recommendations of the CSR Committee, has approved the CSR Policy as required under section 135(4) of the Companies Act, 2013. Following is a brief outline of the said CSR Policy.

   The Company has decided to adopt the CSR Policy of the holding company which predominantly keeps focus in the area of education of economically underprivileged children.

   Apart from education, the holding company is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability Initiatives.

   The holding company has created a formal structure to design and implement its CSR programme and the company has decided to support the initiative of the holding company.

2. **The Composition of the CSR Committee.**

   Corporate Social Responsibility (CSR) Committee comprises as follows:

   1. Mr. Amitabha Mukhopadhyay (Chairman)
   2. Mr. Sanjay Parande
   3. Mr. Sundar Parthasarathy

3. **Average net profit of the company for last three financial years**

   The average net profit of the Company for the last three financial years is Rs. 5.725 crore.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**
   Prescribed CSR Expenditure is Rs. 11.45 lakh (2% of Rs. 5.725 crore.). Amount contributed to Thermax Foundation is Rs. 11.45 lakh.

5. **Details of CSR spent during the financial year.**

   a) Total amount donated: 11.45 lakh

   b) Total amount to be spent for the financial year Rs.11.45 lakh

6. **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 company has donated its CSR contribution to Thermax Foundation on January 25, 2018. The company would, monitor its CSR spent on specific projects from the current year.

7. **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.

Mr. Sriram Vishwanathan	**Amitabha Mukhopadhyay**
(CEO)	(Chairman of the CSR Committee)
	DIN : 01806781

ANNEXURE 3

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	:	U40109PN2009PLC134659
II. Registration Date	:	14.09.2009
III. Name of the Company	:	Thermax Onsite Energy Solutions Limited
IV. Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V. Address of the Registered office and contact details	:	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune- 411003
VI. Whether listed company	:	No
VII. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Steam and hot water supply	35301	87
2	Other professional, scientific and technical activities	74909	13

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299MH1980PLC022787	Holding	100	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govnt(s)	-	-	-	-	-	-	-	-	-
c) State Govnt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	18649994	18649994	100	-	18649994	18649994	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**18649994**	**18649994**	**100**	**-**	**18649994**	**18649994**	**100**	**0**
(2) Foreign	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total share holding of Promoter (A) = (A) (1) + (A) (2)	**-**	**18649994**	**18649994**	**100**	**-**	**18649994**	**18649994**	**100**	**0**

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	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt(s)									
d) State Govt(s)	---------------------------- NIL ---------------------------								
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	---------------------------- NIL ---------------------------								
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	6	6	0	-	6	6	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
- Directors Relative									
- Trusts	---------------------------- NIL ---------------------------								
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2)	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**18650000**	**18650000**	**100**	**-**	**18650000**	**18650000**	**100**	**0**

(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	Thermax Limited	18649994	100	NIL	18649994	100	NIL	NIL
	TOTAL	**18649994**	**100**	**NIL**	**18649994**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: NIL

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	No. of Shares	% of total Shares of the Company
	At the beginning of the year	---------------------------- NIL ---------------------------			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No	Name of the shareholder	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
---------------------------- NIL ---------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the shareholder	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
1	M. S. Unnikrishnan jointly with Thermax Limited	1	0	-	-	-	1	0
2	Ishrat Hussain Mirza jointly with Thermax Limited	1	0	-	-	-	1	0

V. INDEBTEDNESS

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

(Amount in Rs. Lakh)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)					
i)	Principal Amount	839.98	-	-	839.98
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.50	-	-	0.50
Total (i+ii+iii)		**840.48**	-	-	**840.48**
Change in indebtedness during the financial year					
Addition		-	-	-	-
Reduction		280.00	-	-	280.00
Net Change		**280.00**	-	-	**280.00**
Indebtedness at the end of the financial year (31.03.2018)					
i)	Principal Amount	559.98	-	-	559.98
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.30	-	-	0.30
Total (i+ii+iii)		**560.28**	-	-	**560.28**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. Lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act,1961	
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	- others, specify	
5	Others, please specify (Retrial benefits)	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

(Amount in Rs. Lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	**Sanjay Parande**	**Sundar Parthasarathy**	**-**	**-**	
	Fee for attending board / committee meetings	3.79	3.79			7.58
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	**3.79**	**3.79**	-	-	**7.58**
2.	Other Non-Executive Directors	**Amitabha Mukhopadhyay**	**Hemant Mohgaonkar**	**M. S. Unnikrishnan**	**Ishrat Mirza**	
	Fee for attending board /Committee meetings					
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises	---NIL--				
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director

(Amount in Rs. Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer (Sriram Vishwanathan)	Company Secretary (Shrinidhi Deopujari)	Chief Financial Officer (Ajit Sharma)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961	39.57	7.46	16.65	63.68
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act,1961	1.38	0.13	0.00	1.51
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act,1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as% of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**40.95**	**7.59**	**16.65**	**65.19**

VII. 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					

For and on behalf of the Board of Directors of
Thermax Onsite Energy Solutions Limited

Place : Pune
Date : April 26, 2018

Amitabha Mukhopadhyay
Director
DIN: 01806781

Hemant Mohgaonkar
Director
DIN: 01308831

Independent Auditor's Report

To the Members of **Thermax Onsite Energy Solutions Limited**.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Thermax Onsite Energy Solutions 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 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 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 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 there under. We conducted our audit of the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) 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;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure 2**' to this report;

(g) 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 does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: 26th April 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 Onsite Energy Solutions 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) The Company does not hold immovable properties; therefore, clause 3(I) (c) of the Order is not applicable to the Company and hence not commented upon.

(ii) According to the information and explanation given to us, the Company has conducted physical verification of inventory during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of accounts of the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(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) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and Goods and Service Tax (GST) have been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(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, value added tax, cess, Goods and Service Tax (GST) 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, there are no dues of income-tax, Goods and Service Tax (GST), sales-tax, service tax or duty of custom or duty of excise and value added tax not deposited on account of any dispute.

(viii) In our opinion and according to the information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to a bank/financial institution during the year. The Company has not made any borrowings from a financial institution or government and has not issued any debentures during the year.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given by the management, the Company has not paid or provided any managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS 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 requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that 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 B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: 26th April 2018

Annexure 2 referred to in paragraph 2(f) 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')

To the Members of **Thermax Onsite Energy Solutions Limited**.

We have audited the internal financial controls over financial reporting of **Thermax Onsite Energy Solutions Limited** ('the Company') as of March 31, 2018 in conjunction with our audit of the 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. 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 Institute of Chartered Accountants of India.

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: 26th April 2018

Balance Sheet as at March 31, 2018

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

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	3	43.61	47.52
Intangible assets	4	-	0.07
Capital work-in-progress	3	1,239.43	768.09
Financial assets			
(a) Other financial assets	7 (a)	4,162.35	3,916.10
Other non-current assets	8	185.36	54.27
Total non-current assets		**5,630.75**	**4,786.05**
II. Current assets			
Inventories	9	130.28	90.82
Financial assets			
(a) Trade receivables	5	590.66	622.26
(b) Cash and cash equivalents	10 (a)	993.31	531.74
(c) Bank balances other than (b) above	10 (b)	322.00	375.00
(d) Loans	6	0.21	0.71
(e) Other financial assets	7 (b)	441.55	355.72
Other current assets	11	176.87	124.72
Total current assets		**2,654.88**	**2,100.97**
Total		**8,285.63**	**6,887.02**
Equity and liabilities			
Equity share capital	12	1,865.00	1,865.00
Other equity	13	2,918.22	1,909.28
		4,783.22	**3,774.28**
I. Non-current liabilities			
Financial liabilities			
(a) Borrowings	14	279.98	559.98
(b) Other financial liabilities	16 (a)	333.55	330.90
Deferred Tax Liabilities (net)	35	379.33	347.83
Other non-current liabilities	18 (a)	1,069.65	771.72
		2,062.51	**2,010.43**
II. Current liabilities			
Financial liabilities			
(a) Trade payables	15	348.86	342.43
(b) Other financial liabilities	16 (b)	899.69	466.86
Other current liabilities	18 (b)	45.48	73.55
Provisions	17	40.74	43.18
Current tax liabilities (net)	35	105.13	176.29
		1,439.90	**1,102.31**
Total		**8,285.63**	**6,887.02**

Summary of significant accounting policies 2

Summary of significant accounting judgements, estimates and assumptions 37

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

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

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

Particulars	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations	19	6,356.61	5,796.75
Other income	20	180.63	105.90
Total Income (I)		**6,537.24**	**5,902.65**
Expenses			
Cost of raw materials and components consumed	21	3,512.07	3,156.81
Purchase of traded goods	21	202.51	226.19
Employee benefits expense	22	492.42	427.32
Finance cost	23	92.42	125.51
Depreciation and amortisation expense	24	24.83	22.75
Other Expenses	25	826.31	772.90
Total expenses (II)		**5,150.56**	**4,731.48**
Profit before tax (I-II)		**1,386.68**	**1,171.17**
Tax expense	35		
Current tax		496.13	372.30
MAT credit		(85.54)	126.44
Deferred tax		(32.22)	(69.41)
Total tax expense		**378.37**	**429.33**
Profit for the year		**1,008.31**	**741.84**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans - Gain/(Loss)	27	0.96	(2.74)
Less: Income tax effect		(0.33)	0.95
		0.63	(1.79)
Total other comprehensive income for the year, net of tax.		**0.63**	**(1.79)**
Total comprehensive income for the year		**1,008.94**	**740.05**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2016: 10/-)]			
Basic and Diluted	26	**5.41**	**3.98**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	37		

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

For B. K. KHARE & CO Chartered Accountants ICAI Firm Reg No.105102W	**For and on behalf of the Board of Directors of Thermax Onsite Energy Solutions Limited**	
H.P. Mahajani Partner Membership No. 030168	**Amitabha Mukhopadhyay** Director	**Sanjay Parande** Director
	Sriram Vishwanathan Chief Executive Officer	**Ajit Sharma** Chief Financial Officer
	Place: Pune Date: 26th April 2018	**Shrinidhi Deopujari** Company Secretary

For B. K. KHARE & CO Chartered Accountants ICAI Firm Reg No.105102W	**For and on behalf of the Board of Directors of Thermax Onsite Energy Solutions Limited**	
H.P. Mahajani Partner Membership No. 030168	**Amitabha Mukhopadhyay** Director	**Sanjay Parande** Director
	Sriram Vishwanathan Chief Executive Officer	**Ajit Sharma** Chief Financial Officer
	Place: Pune Date: 26th April 2018	**Shrinidhi Deopujari** Company Secretary

Statement of cash flows for the year ended March 31, 2018

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

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A) Cash flows from operating activities		
Profit before tax	1,386.68	1,171.17
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	24.83	22.75
Net provision for doubtful debts	(2.07)	14.20
Unwinding discount on provisions	17.26	15.25
Finance costs	74.86	110.26
Loss on sale / discard of assets (net)	0.07	-
Interest income	(70.82)	(31.89)
Liabilities no longer required written back	(93.28)	(24.47)
Working capital adjustments		
(Increase) / Decrease in Trade Receivables	33.67	(281.28)
(Increase) / Decrease in Inventories	(39.46)	(54.10)
(Increase) / Decrease in Other non-current assets	(131.09)	13.06
(Increase) / Decrease in Other current financial assets	(0.25)	-
(Increase) / Decrease in Other current assets	39.95	128.63
Increase / (Decrease) in Trade Payables	6.43	102.43
Increase / (Decrease) in Other non-current liabilities	297.93	170.19
Increase / (Decrease) in Provisions	(2.44)	7.78
Increase / (Decrease) in Other non-current financial liabilities	2.65	83.86
Increase / (Decrease) in Other current financial liabilities	34.57	(63.36)
Increase / (Decrease) in Other current liabilities	(29.92)	178.28
Cash generated from operations	**1,549.57**	**1,562.76**
Direct taxes paid (net of refunds received)	(339.43)	(338.78)
Net cash inflow from operating activities	**1,210.14**	**1,223.98**
B) Cash flows from investing activities		
Purchase of Fixed Assets (Net)	(185.60)	(769.46)
Change in Finance Lease Receivable (net) *	(328.09)	376.20
Interest received	67.08	31.89
Proceeds from fixed deposits/(investment)	53.00	(375.00)
Net cash flows used in investing activities	**(393.61)**	**(736.37)**
C) Cash flows from financing activities		
Repayment of Borrowings	(280.00)	(280.01)
Interest paid	(74.96)	(125.01)
Net cash flows used in financing activities	**(354.96)**	**(405.02)**
Net increase / (decrease) in cash and cash equivalents	**461.57**	**82.59**
Cash and cash equivalents at the beginning of the year	531.74	449.15
Cash and cash equivalents at the end of the period	**993.31**	**531.74**

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

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 10)	**993.31**	**531.74**
Balances as per statement of cash flows	**993.31**	**531.74**

* Includes movement in Finance Lease Receivables considered investing cash flow

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

For and on behalf of the Board of Directors of Thermax Onsite Energy Solutions Limited

Amitabha Mukhopadhyay
Director

Sanjay Parande
Director

Sriram Vishwanathan
Chief Executive Officer

Ajit Sharma
Chief Financial Officer

Place: Pune
Date: 26th April 2018

Shrinidhi Deopujari
Company Secretary

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

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

Statement of Changes in Equity

A) Equity Share Capital

Particulars		March 31, 2018	March 31, 2017
Income			
Balance at the beginning of the reporting period	12	2,000.00	2,000.00
Changes in equity shares capital during the year	12	-	-
Balance at the end of the reporting period	12	**2,000.00**	**2,000.00**

B) Other Equity

Particulars	Reserves & Surplus		
	Retained Earnings	Other Comprehensive income	Total
As at April 1, 2016	**1,170.47**	**(1.24)**	**1,169.23**
Profit for the year	741.84	-	**741.84**
Other Comprehensive Income	-	(1.79)	**(1.79)**
Total comprehensive income as at March 31, 2017	**1,912.31**	**(3.03)**	**1,909.28**
Profit for the year	1,008.31	-	**1,008.31**
Other Comprehensive Income	-	0.63	**0.63**
Total comprehensive income as at March 31, 2018	**2,920.62**	**(2.40)**	**2,918.22**

1. Corporate information

Thermax Onsite Energy Solutions Limited ('the Company') is 100% subsidiary of Thermax Limited a public limited company domiciled in India.

The Company is engaged in the supply of utilities like steam, heat on build, own and operate basis.

The Company currently cater to domestic market.

The Company is a public limited Company incorporated and domiciled in India. The address of its registered office is Thermax House, 14, Mumbai-Pune Road, Wakdewadi, Pune- 411003, India. These financial statements are authorized for issue by the Board of Directors on April 26, 2018. The CIN of the Company is U40109PN2009PLC134659.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI). The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 37.

(b) Basis of measurement

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

- Defined benefit plans whereby the plan assets are measured at fair value

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's 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 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized 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.

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
- Financial instruments

d. Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment ('PPE') is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and

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

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

maintenance costs are recognized in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains of losses arising from de-recognition of PPE 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 PPE is derecognized.

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.

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

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Plant and equipment	7.5 to 10	15 to 20
Office equipment	15	15
Computers and data processing units	4 to 6	3 to 6

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.

e. Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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.

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

Asset category	Life (years)
Computer software	3 to 5

f. 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. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, consumables, tools, stores and spares is arrived at on the basis of weighted average cost.

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.

g. 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 made. 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.

Sales tax/ value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

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

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

allowances, trade discounts and volume rebates.

Revenue from supply of spare parts are recognized when significant risks and rewards have passed to the buyer which is generally on billing basis.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

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.

h. 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

Initial Recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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.

This category is the most relevant to the Company. 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.

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.

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.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies 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 P&L, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

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

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 (i.e. removed from the Company's balance sheet) 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.

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances

(b) Lease receivables under Ind AS 17

(c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements and Ind AS 18)

(d) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss 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 loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss 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 P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost, contract assets and lease receivables:** 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.
- **Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

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

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to the Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss. The Company has not designated any financial liability as at fair value through Statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs 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 the 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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to the operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in the Statement of profit and loss.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to the Statement of profit and loss at the reclassification date.

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.

i. 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.

j. 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.

k. 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 outside profit or loss (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 liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business

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

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

combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 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.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

l. 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.

m. 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.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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 (see note 2.1.o).

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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company'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.

n. 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.

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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent period, 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.

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 priors. 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.

o. 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.

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

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 and Chief Executive Officer as the chief executive decision maker of the Company.

p. 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.

q. 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. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

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

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

r. 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.

s. Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

t. Standards issued but not yet effective

IND-AS 115 - Revenue recognition

In March 2018, the MCA issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying IND AS 115 - Revenue from Contracts with Customers. The amendment is applicable from 1 April, 2018 and may impact certain aspects of revenue recognition by the Company. The Company is in the process of evaluating the impact of Ind AS 115 and the same will be given effect to from the subsequent financial year.

3. Property, Plant and Equipment

Particulars	Plant and equipment	Office	Computer Equipment	Vehicles workin	Total	Capital progress
Cost as on April 1, 2016	**90.95**	**1.54**	**16.87**	**-**	**109.36**	
Additions	-	-	1.36	-	1.36	
Disposals/Adjustments	-	-	-	-	-	
Transfers	-	-	-	-	-	
Gross carrying amount as on March 31, 2017	**90.95**	**1.54**	**18.23**	**-**	**110.72**	
Additions	9.61	-	3.05	8.26	20.92	
Disposals/Adjustments	-	-	-	-	-	
Transfers	-	-	-	-	-	
Gross carrying amount as on March 31, 2018	**100.56**	**1.54**	**21.28**	**8.26**	**131.64**	
Accumulated Depreciation						
Balance as at April 1, 2016	**29.11**	**0.26**	**11.19**	-	**40.56**	
Charge for the year	19.21	0.10	3.33	-	22.64	
Disposals	-	-	-	-	-	
Closing accumulated depreciation as at March 31, 2017	**48.32**	**0.36**	**14.52**	**-**	**63.20**	
Charge for the year	22.10	0.10	2.43	0.20	24.83	
Disposals	-	-	-	-	-	
Closing accumulated depreciation as at March 31, 2018	**70.42**	**0.46**	**16.95**	**0.20**	**88.03**	
Net Block March 31, 2018	**30.14**	**1.08**	**4.33**	**8.06**	**43.61**	**1,239.43**
Net Block March 31, 2017	42.63	1.18	3.71	-	47.52	768.09

Note : Capital work in progress comprises Plant & Machinery under construction relating to assets to be deployed.

4. Intangible Assets

The following tables present the reconciliation of changes in carrying value of Intangible assets :

	Computer Software	Total
Cost as on April 1, 2016	**1.40**	**1.40**
Additions	-	-
Disposals/Adjustments	-	-
Transfers	-	-
Gross carrying amount as on March 31, 2017	**1.40**	**1.40**
Disposals/Adjustments	1.40	1.40
Transfers	-	-
Gross carrying amount as on March 31, 2018	**-**	**-**
Accumulated Amortisation as on April 1, 2016	1.22	1.22
Amortisation charge for the year	0.11	0.11
Disposals	-	-
Closing accumulated depreciation as at March 31, 2017	**1.33**	**1.33**
Amortisation charge for the year	-	-
Disposals	1.33	1.33
Closing accumulated depreciation as at March 31, 2018	**-**	**-**
Net Block March 31, 2018	**-**	**-**
Net Block March 31, 2017	**0.07**	**0.07**

5 Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Receivables from related parties (refer note 30 b)	2.08	-
Others	588.58	622.26
Total receivables	**590.66**	**622.26**
Break-up of security details		
Unsecured, considered good	590.66	622.26
Doubtful	12.13	14.20
	602.79	**636.46**
Less: Provision for bad and doubtful debts	(12.13)	(14.20)
Total	**590.66**	**622.26**

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 receivable are 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 loan given to related party, refer note 30 b

6 Current loans

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Unsecured, considered good		
Loans to staff and workers	0.21	0.71
Total	**0.21**	**0.71**

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

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

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

7 (a) Other non current financial assets

	As at March 31, 2018	As at March 31, 2017
At Amortized Cost		
Long - term lease receivable	4,162.35	3,916.10
Total	**4,162.35**	**3,916.10**

7 (b) Other financial assets

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Interest accrued on fixed deposits etc.	10.26	6.52
Short-term Lease Receivable	429.98	348.14
Security deposits	1.31	1.06
Total	**441.55**	**355.72**

8 Other non current assets

	As at March 31, 2018	As at March 31, 2017
Balances with government authorities	185.36	54.27
Total	**185.36**	**54.27**

9 Inventories

	As at March 31, 2018	As at March 31, 2017
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	130.28	90.82
Total	**130.28**	**90.82**

10 (a) Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks		
- in current accounts	881.82	45.61
- in deposits with original maturity of less than three months	111.49	486.13
Total	**993.31**	**531.74**

10(b) Other bank balance

	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than 3 months but less than 12 months	322.00	375.00
Total	**322.00**	**375.00**

11 Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Advance to supplier	42.76	81.57
Advances to Staff and Workers	0.64	1.12
Advance to group companies (Refer Note 30 b)	131.07	39.47
Prepaid Expenses	2.40	2.56
Total	**176.87**	**124.72**

12 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
2,00,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each.	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid share capital (Nos)		
1,86,50,000 (Previous year 1,86,50,000) equity shares of Rs. 10/- each.	1,865.00	1,865.00
Total issued, subscribed and fully paid-up share capital	**1,865.00**	**1,865.00**

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

	No. of shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
At March 31, 2017	18,650,000	1,865.00
Issued during the year	-	-
At March 31, 2018	18,650,000	1,865.00

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 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 shares held by holding company

	As at March 31, 2018	As at March 31, 2017
Holding company		
Thermax Limited, India		
1,86,50,000 (Previous year 1,86,50,000) equity shares of Rs. 10/- each.	1,865.00	1,865.00

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

	Thermax Limited
As at March 31, 2018	
%	100%
No. of shares	18,650,000
As at March 31, 2017	
%	100%
No. of shares	18,650,000

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.

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

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

13 Other Equity

	As at March 31, 2018	As at March 31, 2017
Reserves and Surplus		
Retained earnings		
Balance as per last financial statement	1,909.28	1,169.23
Add: Profit for the year	1,008.31	741.84
Add: Re-measurements Gain/(Loss) of post-employment benefit obligations, net of tax Rs. 0.33 (March 31, 2017 : Rs. -0.95)]	0.63	(1.79)
Net surplus in the statement of profit and loss	**1,008.94**	**740.05**
Total	**2,918.22**	**1,909.28**

14 Borrowings

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Non current borrowings		
Term loans (other than banks)		
a. Secured loan	559.98	839.98
Less : Current Maturities of Long term borrowings (included in note 16 (b))	280.00	280.00
Total non current borrowings	**279.98**	**559.98**

	Effective Interest Rate	Maturity
Term loans (other than banks)		
Term loan from TATA Capital	9.90% - 11.1%	5 Years
Non current borrowings		
a. Note explaining description of secured loan		

Secured loans from other than Banks are repayable on monthly basis from April 2015 over a period of five years. The loan is secured by First charge on Plant & Machinery and Escrow of cashflow for the specific project for which such facility is availed.

15 Current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.61	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 30b)	22.05	8.14
(ii) Others	326.20	334.29
Total	**348.86**	**342.43**

Trade payables are non-interest bearing and are normally settled on credit terms

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	0.61	-
Interest due thereon	0.16	-
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	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
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	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.16	-
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	-	-

16 (a) Other non current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Trade deposits	333.55	330.90
Total	**333.55**	**330.90**

16 (b) Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Current maturities of long-term borrowings (note 14)	280.00	280.00
Interest accrued but not due on loans	0.30	0.50
Employee related payables	149.31	116.44
Capital Creditors (Refer Note 30 b)	468.10	69.84
Other payables	1.98	0.08
Total	**899.69**	**466.86**

17 Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for Gratuity (Refer Note 29)	16.52	18.00
Provision for leave encashment	24.22	25.18
Total	**40.74**	**43.18**

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

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

18 (a) Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017
Trade deposits	254.83	190.02
Unearned revenue	814.82	581.70
Total	**1,069.65**	**771.72**

18 (b) Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Customer advance	37.78	27.13
Statutory dues and other liabilities*	7.70	46.42
Total	**45.48**	**73.55**

* mainly includes tax deducted are source, provident fund, ESIC, GST etc.

19 Revenue from operations (net)

	As at March 31, 2018	As at March 31, 2017
Sale of products and services		
Sale of products *	4,773.86	4,634.88
Sale of services	934.04	577.81
Finance Income on Leased Assets	648.53	583.21
	6,356.43	**5,795.90**
Other operating revenue		
Sale of scrap	0.18	0.85
Total	**0.18**	**0.85**
Revenue from operations (net)	**6,356.61**	**5,796.75**

* includes traded items amounting Rs. 213.14 (March 31, 2017: Rs. 238.09)

20 Other income

	As at March 31, 2018	As at March 31, 2017
Interest income from financial assets at amortised cost		
Bank deposits	70.82	31.89
Others	0.03	3.88
Liabilities no longer required written back*	93.28	24.47
Miscellaneous income	16.50	45.66
Total	**180.63**	**105.90**

*including reversal of provision for employee incentive, Rs.65.02 (March 17 - Rs. 10.57)

21 Cost of raw material and components consumed

	As at March 31, 2018	As at March 31, 2017
Inventories at the beginning of the year	90.82	36.72
Add: Purchases *	3,551.53	3,210.91
	3,642.35	**3,247.63**
Inventories at the end of the period	130.28	90.82
Total	**3,512.07**	**3,156.81**

* includes traded items amounting Rs. 202.51 (March 31, 2017: 226.19)

22 Employee benefits expense

	As at March 31, 2018	As at March 31, 2017
Salaries and wages	452.28	390.22
Contribution to provident and other funds	25.20	24.18
Gratuity expense (Refer No 29)	5.31	4.26
Staff welfare expenses	9.63	8.66
Total	**492.42**	**427.32**

23 Finance costs

	As at March 31, 2018	As at March 31, 2017
Interest expense	75.16	110.26
Unwinding of discounting	17.26	15.25
Total	**92.42**	**125.51**

24 Depreciation and amortization expense

	As at March 31, 2018	As at March 31, 2017
Depreciation of tangible assets (note 3)	24.83	22.64
Amortization of intangible assets (note 4)	-	0.11
Total	**24.83**	**22.75**

25 Other expenses

	As at March 31, 2018	As at March 31, 2017
Consumption of stores and spare parts	46.49	28.27
Power and fuel	3.77	4.34
Site expenses and Contract labour charges	619.64	592.74
Sales commission	-	3.00
Advertisement and sales promotion	7.84	11.86
Rent	4.12	4.32
Rates and taxes	1.34	1.09
Insurance	11.92	12.90
Repairs and maintenance		
Plant and machinery	0.76	1.70
Leased assets	25.15	17.60
Others	1.41	1.53
Travelling and conveyance	41.58	32.67
Legal and professional fees	26.73	20.15
Auditor Remuneration (refer note 25 (b))	4.78	4.05
Director sitting fees	7.58	7.73
Exchange fluctuation Loss	-	0.12
Bad debts/ advances written off	0.01	-
Provision for doubtful debts (net)/(reversal)	(2.07)	14.20
Loss on sale / discard of assets (net)	0.07	-
CSR expenditure (Refer note 25 ©)	11.45	-
Interest on MSMED (refer note 15)	0.16	-
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	13.58	14.63
Total	**826.31**	**772.90**

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

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

25 (b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit and limited review fee	2.75	2.75
Tax audit fee	0.75	0.75
In other capacity		
Taxation matters	0.25	0.25
Other services	0.84	0.14
Reimbursement of expenses	0.19	0.16
Total	**4.78**	**4.05**

25 (c) Corporate Social Responsibility

	Year ended March 31, 2018	Year ended March 31, 2017
Gross amount required to be spent by the Company during the year *	11.45	-
Total	**11.45**	**-**

* The amount actual spent is Rs. 11.45 lakhs which has been contributed to Thermax Foundation, India. Refer Note 30 b.

26 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	1,008.31	741.84
Weighted average number of Equity shares of Rs.10/- each	18,650,000	18,650,000
Basic & Diluted EPS	5.41	3.98

27 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

	Retained Earnings	Total
Re-measurement gains (losses) on defined benefit plans, net of taxes	0.63	0.63
Total	**0.63**	**0.63**

During the year ended March 31, 2017

	Retained Earnings	Total
Re-measurement gains (losses) on defined benefit plans, net of taxes	(1.79)	(1.79)
Total	**(1.79)**	**(1.79)**

28 Contingencies and commitments

A Contingent liabilities

a) Claims against the company not acknowledged as debts - NIL

B Capital and other commitment

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 290.87 (March 31, 2017 Rs. 268.98)

29 EMPLOYEE BENEFIT OBLIGATIONS

A 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 @ 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. Each year the Board of Directors reviews the level of funding in the gratuity plan."

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	**31.99**	**(17.58)**	**14.41**
Current service cost	3.09	-	3.09
Interest expense/(income)	2.55	(1.38)	1.17
Total amount recognised in Profit or Loss	**5.64**	**(1.38)**	**4.26**
(Gain)/loss from change in financial assumptions	2.57	-	2.57
Return on plan assets expense/(income)	-	0.18	0.18
Total amount recognised in Other Comprehensive Income	**2.57**	**0.18**	**2.74**
Employer contributions	-	(3.42)	(3.42)
Benefits paid	-	-	-
March 31, 2017	**40.20**	**(22.20)**	**18.00**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**40.20**	**(22.20)**	**18.00**
Current service cost	4.04	-	4.04
Interest expense/(income)	2.80	(1.53)	1.27
Total amount recognised in Profit or Loss	**6.84**	**(1.53)**	**5.31**
(Gain)/loss from change in financial assumptions	(0.78)	-	(0.78)
Return on plan assets	-	(0.18)	(0.18)
Total amount recognised in Other Comprehensive Income	**(0.78)**	**(0.18)**	**(0.96)**
Employer contributions	-	(3.15)	(3.15)
Benefits paid	(2.67)	-	(2.67)
March 31, 2018	**43.58**	**(27.06)**	**16.52**

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	43.58	40.20
Fair value of plan assets	(27.06)	(22.20)
Surplus of funded plan	16.52	18.00

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

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

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.80%	7.20%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.2% P.A.	8% P.A.
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	10%	10%

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.00% increase	Decrease by 2.31	Decrease by 2.37
1.00% decrease	Increase by 2.59	Increase by 2.67
Future salary increase		
1.00% increase	Increase by 2.16	Increase by 2.25
1.00% decrease	Decrease by 1.96	Decrease by 2.04
Attrition Rate		
1.00% increase	Increase by 0.11	Increase by 0.03
1.00% decrease	Decrease by 0.12	Decrease by 0.03

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 prior period. 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	2.29	2.12
Between 2-5 years	36.11	34.88
Between 5-10 years	30.27	30.23

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%

VI Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility : All plan assets are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competetive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings

Life expectancy: This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk: Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

Asset-Liability mismatch risk: Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

B Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 15.01 (March 31, 2017 Rs. 13.74)

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

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

30 Related party disclosures

a. Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax Sustainable Energy Solutions Ltd.
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda
		Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		First Energy Private Limited
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Hong Kong Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Foundation
4	Key Management Personnel	Mr. M. S. Unnikrishnan - Director
		Mr. Hemant Mohgaonkar - Director
		Mr. Amitabha Mukhopadhyay - Director
		Mr. Ishrat Mirza - Director
		Mr. Sanjay Parande - Independent Director
		Mr. Sundar Parthasarathy - Independent Director
		Mr. Sriram Vishwanathan - Chief Executive Officer
		Mr. Ajit Sharma - Chief Financial Officer
		Ms. Shrinidhi Deopujari - Company Secretary

30. b. Related party transactions include transactions pertaining to the followings 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		
Other operating revenue		
Rent received from First Energy Pvt Ltd	1.20	-
Recovery of expenses from related parties		
Recovery of expenses incurred for First Energy Pvt Ltd	0.56	-
Recovery of expenses incurred for Thermax Sustainable Energy Solutions Ltd	0.76	-
Purchase of raw material and components and services from Thermax Limited		
Purchase of Chemicals	-	6.30
Purchase of Capital Equipments	1,222.13	645.45
Reimbursement of expenses to Thermax Limited		
Reimbursement of Expenses for Common Facilities	9.26	10.30
Office Rent paid	3.60	3.60
Reimbursement of Expenses for Car Hire Charges and regional allocations	4.18	1.59
Reimbursement of Expenses towards Insurance and Bank Guarantee Commission	7.23	4.95
Reimbursement of Employee deputation cost	23.83	23.69
Reimbursement of Other expenses	0.56	-
Remuneration to key management personnel		
Management Remuneration (CEO)	40.44	44.18
Donation		
Donation given to Thermax Foundation	11.45	-
Directors sitting fees	7.58	7.73

Particulars	March 31, 2018	March 31, 2017
Balances as at the year end		
Trade receivables		
Trade receivables from First Energy Pvt Ltd	2.08	-
Trade payables and other liabilities		
Trade payables to Thermax Limited	490.15	77.98
Bank Guarantee given by Thermax Limited	180.00	143.00
Loans and advances to Thermax Limited		
Advance given for purchase of Capital Equipments	131.07	39.47

All balances are including VAT/GST where ever applicable.

III. Terms and conditions for outstanding balances

1. All outstanding balances are unsecured and repayable in cash.

IV. Terms and conditions of related party transactions

"The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: 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."

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

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

31 Fair value measurements

a. Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

Particulars	March 31, 2018	March 31, 2017
Trade receivables	590.66	622.26
Loans	0.21	0.71
Other Financial Assets	4,603.90	4,271.82
Cash and cash equivalents	993.31	531.74
Bank balances other than cash and cash equivalents	322.00	375.00
Total financial assets	**6,510.08**	**5,801.53**
Current Assets	2,347.73	1,885.43
Non-current assets	4,162.35	3,916.10
Total financial assets	**6,510.08**	**5,801.53**

Break-up of financial liabilities carried at amortised cost

Particulars	March 31, 2018	March 31, 2017
Financial Liabilities		
Borrowings	279.98	559.98
Trade payables	348.86	342.43
Trade deposits	333.55	330.90
Capital creditors	468.10	69.84
Other Financial Liabilities	431.59	397.02
Total financial liabilities	**1,862.08**	**1,700.17**
Current Liabilities	1,248.55	1,089.29
Non-current Liabilities	613.53	610.88
Total financial liabilities	**1,862.08**	**1,700.17**

The company transactions are primarily denoted in Indian Rupees, hence the risks associated with foreign currency transactions are not significant.

32 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. 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 is exposed to market risk, credit risk and liquidity risk.The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31,2018 and March 31,2017.

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Impact on profit before tax	
	March 31, 2018	**March 31, 2017**
Interest rate		
- Increase by 100 basis points	(6.88)	(9.68)
- Decrease by 100 basis points	6.88	9.68

II Credit risk

Credit risk is the risk that counter party 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 from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the company 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 an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. At March 31, 2018, the Company had 4 customers (March 31, 2017: 5 customers) that owed the Company more than Rs.140 Lakh each and accounted for approximately 95 % (March 31, 2017: 83 %) of all the receivables outstanding. There were 5 customers (March 31, 2017: 4 customers) with balances greater than Rs. 5.7 Lakh accounting for just over 5% (March 31, 2017: 17 %) of the total amounts receivable. The Company does not hold collateral as security. 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.

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 maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn

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

borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the company operates.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity profile of the group's financial liabilities based on their contractual maturities for :

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	279.98	-	-
Trade Payables (including capital creditors)	-	816.96	-	-	-
Other financial liabilities					
Current maturities of long-term borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.30	-	-	-
Other payables	-	151.29	-	-	333.55

March 31, 2017	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non Derivative					
Borrowings	-	-	559.98	-	-
Trade Payables (including capital creditors)	-	412.27	-	-	-
Other financial liabilities					
Current maturities of long-term borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.50	-	-	-
Other payables	-	116.52	-	-	330.90

33 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2018	March 31, 2017
Borrowings	559.98	839.98
Trade payables (including capital creditors)	816.96	412.27
Less: Cash and cash equivalents and other bank balances	1,315.31	906.74
Net debt	**61.63**	**345.51**
Equity	4,783.22	3,774.28
Capital and net debt	**4,844.85**	**4,119.79**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

34 Disclosure under Ind AS - 17 : Leases

a) **Amounts payable under Finance lease (Company is a lessor)**

General description of asset leased: The Company has entered into certain arrangements with its customers where the Company will supply heat/steam by installing the boiler/heater at the customers' premises. The Company has determined, 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, these arrangements qualify as arrangements in the form of lease as specified in Appendix C to Ind-AS 17. 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.

Particulars	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Within one year	1,138.42	980.06	552.00	447.57
After one year but not more than five years	4,113.09	3,594.22	2,444.12	2,087.13
More than five years	1,852.09	2,184.50	1,596.21	1,729.54
	7,103.60	**6,758.78**	**4,592.33**	**4,264.24**
Less: Unearned finance income	2,511.27	2,494.54	-	-
Present value of minimum lease payments receivable	4,592.33	4,264.24	4,592.33	4,264.24
Allowance for uncollectible lease payments	-	-	-	-
	4,592.33	**4,264.24**	**4,592.33**	**4,264.24**

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

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

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	12.4%-17.05%	12.4%-17.05%

35 Income Taxes

The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are:

Statement of comprehensive income

(a) Profit or Loss section

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current income tax charge		
Current income tax	496.13	372.30
Minimum Alternate Tax Credit	(85.54)	126.44
Deferred tax		
Relating to origination and reversal of temporary differences	(32.22)	(69.41)
Income tax expense reported in the statement of profit or loss	**378.37**	**429.33**

OCI section	As at March 31, 2017	As at March 31, 2018
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	(0.33)	0.95
Income tax charged to OCI	**(0.33)**	**0.95**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Accounting profit before tax from continuing operations	1,386.68	1,171.17
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	479.90	405.32
Effects of income not subject to tax	-	-
Effects of nondeductible business expenses	(16.43)	14.68
- Utilisation of previously unrecognized tax benefits	-	-
- Deferred taxes of earlier periods recognized in current period	-	-
Other tax credits - Minimum Alternate Tax	(85.54)	-
Other differences - Interest disallowed	0.44	9.33
Other non-deductible expenses		
At the effective tax rate of 27.29 % (March 31, 2017: 36.66%)	378.37	429.33
Income tax expense reported in the statement of profit or loss	**378.37**	**429.33**

(d) Deferred tax

Particulars	Balance Sheet		Statement of profit and loss and OCI	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Deferred tax relates to the following :				
Accelarated depreciation for tax purposes	(293.00)	(351.00)	58.00	92.32
Retirement benefit obligations	2.54	2.88	(0.34)	0.69
Minimum alternate tax - entitlement	-	63.39	-	-
Write-downs for doubtful debtors	4.20	4.91	(0.71)	(0.31)
Other provision	(93.07)	(68.01)	(25.06)	(22.34)
Disallowances of expenses governed by 40(a)(I) of the IT Act'1961				
Deferred tax expense/ (income)			**31.89**	**70.36**
Net deferred tax assets/ (liabilities)	**(379.33)**	**(347.83)**		

Reflected in balance sheet as follows:

Particulars	March 31, 2018	March 31, 2017
Deferred tax assets	-	-
Deferred tax liabilities	(379.33)	(347.83)
Deferred tax assets / (liabilities) (net)	**(379.33)**	**(347.83)**

(e) Reconciliation of deferred tax assets / (liabilities) (net)

Particulars	March 31, 2018	March 31, 2017
Opening balance	(347.83)	(291.75)
Tax expense/ (income) during the period recognised in profit or loss	32.22	69.41
Tax expense/ (income) during the period recognised in OCI	(0.33)	0.95
Minimum Alternate Tax utilised	(63.39)	(126.44)
Closing balance	**(379.33)**	**(347.83)**

36.a. Disclosure under Ind AS - 7 : Movement in Financing activities

Particulars	March 31, 2017	Cash flows	Non-cash changes/ Accruals	March 31, 2018
Long-term borrowings	559.98	(280.00)	-	279.98
Short-term borrowings	280.00	-	-	280.00
Interest accrued	0.50	(74.96)	74.76	0.30
Total	**840.48**	**(354.96)**	**74.76**	**560.28**

36. b. Previous year's figures have been regrouped/reclasssified where necessary to confirm to this year's classification.

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

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

37. Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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.

Judgements

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

1. Legal contingencies

In the event the Company receives orders and notices from tax authorities in respect of direct taxes and indirect taxes and if the outcome of these matters may have a material effect on the financial position, results of operations or cash flows, management analyzes the information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the 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.

2. Segment reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in 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.

The Company has determined that the CODM is the Chief Executive Officer, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD 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 one reportable segments i.e. energy.

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.

1. 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 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. These estimates are most relevant to goodwill recognized by the Company.

2. 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 most subject 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 29.

3. 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 judgement 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.

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

The Company determines 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.

5. 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.

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Board of Directors

Hemant Mohgaonkar
Shailesh Nadkarni
M.S. Unnikrishnan

Registered Office

Thermax House
14, Mumbai-Pune Road,
Wakdewadi,
Pune 411 003.

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor,
Lane No. 10, Prabhat Road, Pune 411 004.

Company Secretary

Amol Phadke

Bankers

Canara Bank

DIRECTORS' REPORT

Dear shareholder,

The Directors have pleasure in presenting the Thirtieth Annual Report of the company for the year ended March 31, 2018.

FINANCIAL RESULTS (Rs. lakhs)

Particulars	2017-18	2016-17
Total Income	**20.14**	22.33
Profit before depreciation	**1.97**	7.90
Depreciation	**-**	-
Profit / (Loss) before tax	**1.97**	7.90
Provision for taxation including deferred tax	**-**	-
Prior year tax adjustment	**-**	-
Profit / (Loss) after tax	**1.97**	7.90

STATE OF COMPANY'S AFFAIRS

The overall business outlook continues to be subdued due to low prices of Certified Emission Reductions (CER) in global market. Due to this situation that prevailed for more than five years, the business has become unviable. The financial statements are therefore prepared based on 'not going concern' basis.

MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

The market continues to be very challenging and no material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the company.

SHARE CAPITAL

The Paid up Share Capital of the company is Rs. 875 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

HEALTH AND SAFETY

There is nothing to report under health and safety, in view of no business activities being conducted during the year.

DIVIDEND

The Directors do not recommend any dividend during the year.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The company does not propose to carry any amount to reserves.

PUBLIC DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid / unclaimed deposit(s) as on March 31, 2018.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the company did not give any loan or made an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

BUSINESS RISK MANAGEMENT

The company is facing a risk of viability of business which can endanger its existence. The management is exploring various alternatives to mitigate the said risk.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The company has adequate internal financial controls given the size of financial transactions during the year.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The company is not required to appoint KMP and Independent Directors in terms of Companies Act, 2013. All the Directors are non-executive Directors and do not receive any remuneration.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, M. S. Unnikrishnan retires by rotation and being eligible offers, himself for re-appointment as Director.

BOARD MEETINGS

The Board met five times on April 12, 2017, May 10, 2017, July 31, 2017, November 02, 2017 and January 25, 2018 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) Due to unviability of the business the Directors have prepared the annual accounts on not a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the company at large. Therefore requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9, as required under Section 92 of the Companies Act, 2013 is annexed herewith as "Annexure 1" and forms part of this report.

CONSERVATION OF ENERGY AND TECHNOLOGICAL ABSORPTION

The Particulars as required under the Provision of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy & Technology absorption are not furnished, as the company has not undertaken any business operations during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year.

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

The operations of the company are not carried on a going concern basis. There are no significant material orders passed by the Regulators / Courts during the year.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company is committed to provide a safe and conductive work environment to its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

AUDITORS

The term of M/s. B.K. Khare & Co., Chartered Accountants, expires as Statutory Auditors at the ensuing Annual General Meeting and being eligible, the board has recommended their re-appointment as Statutory Auditors.

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to thank all stakeholders for their continued co-operation and support during tough times.

For and on behalf of the Board of Directors of
Thermax Sustainable Energy Solutions Limited

Place: Pune	**Hemant Mohgaonkar**	**M.S. Unnikrishnan**
Date: April 26, 2018	Director	Director
	DIN: 01308831	DIN: 01460245

ANNEXURE 1

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	:	U29219PN1987PLC045658
II.	Registration Date	:	23.12.1987
III.	Name of the Company	:	Thermax Sustainable Energy Solutions Ltd.
IV.	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V.	Address of the Registered office and contact details	:	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune- 411003
VI.	Whether listed company	:	No
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
-------------------------------------NIL-------------------------------------			

* No business activity was carried during the year

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299MH1980PLC022787	Holding	100	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govnt(s)	-	-	-	-	-	-	-	-	-
c) State Govnt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	4749940	4749940	100	-	4749940	4749940	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**-**	**4749940**	**4749940**	**100**	**-**	**4749940**	**4749940**	**100**	**0**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total share holding of Promoter (A)= (A)(1)+(A) (2)	**-**	**4749940**	**4749940**	**100**	**-**	**4749940**	**4749940**	**100**	**0**

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	
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Any other	-	-	-	-	-	-	-	-	-
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	60	60	0	-	60	60	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
- Directors Relative	-	-	-	-	-	-	-	-	-
- Trusts	-	-	-	-	-	-	-	-	-
- Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
- Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
- Non Resident Indian	-	-	-	-	-	-	-	-	-
- HUF	-	-	-	-	-	-	-	-	-
- Clearing Members	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	**-**	**60**	**60**	**0**	**-**	**60**	**60**	**0**	**0**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**-**	**60**	**60**	**0**	**-**	**60**	**60**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**4750000**	**4750000**	**100**	**-**	**4750000**	**4750000**	**100**	**0**

(ii) Shareholding of Promoters (including preference share capital)

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 share holding during the year
1	Thermax Limited	8749940	100	NIL	8749940	100	NIL	NIL
	TOTAL	**8749940**	**100**	**NIL**	**8749940**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: NIL

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	No. of Shares	% of total Shares of the company
	At the beginning of the year	------------------------------------NIL------------------------------------			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	Name of the shareholder	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
------------------------------------NIL------------------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the shareholder	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
1	M. S. Unnikrishnan jointly with Thermax Limited	10	0	-	-	-	10	0

V. INDEBTEDNESS

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

Amount in Rs. Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1.04.2017)				
i) Principal Amount	-	202.68	-	202.68
ii) Interest due but not paid	-	135.76	-	135.76
iii) Interest accrued but not due	-	0	-	0
Total (i+ii+iii)	**-**	**338.44**	**-**	**338.44**
Change in indebtedness during the financial year				
Addition	-	0	-	0
Reduction	-	0	-	0
Net Change	**-**	**0**	**-**	**0**
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	-	202.68	-	202.68
ii) Interest due but not paid	-	135.76	-	135.76
iii) Interest accrued but not due	-	0	-	0
Total (i+ii+iii)	**-**	**338.44**	**-**	**338.44**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. Lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act,1961	
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	
5	Others, please specify	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

(Amount in Rs. Lakh)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	-	-	-	-	
	Fee for attending board / committee meetings	-------------------------------------NIL-------------------------------------				
	Commission					
	Others, please specify					
	Total(1)					
2.	Other Non-Executive Directors	Hemant Mohgaonkar	M. S. Unnikrishnan	Shailesh Nadkarni (w.e.f 12.04.2017)		
	Fee for attending board / Committee meetings	-------------------------------------NIL-------------------------------------				
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises					
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director

(Amount in Rs. Lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1.	Gross salary	NA
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	
	(b) Value of perquisites u/s 17(2) of the Income-taxAct,1961	
	(c) Profits in lieu of salary under section 17(3) of the Income-taxAct,1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - as % of profit - Others, specify	
5.	Others, please specify	
	Total	

VII. 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	---NIL-------------------------------				
Penalty					
Punishment					
Compounding					
b) Directors					
Penalty					
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
Thermax Sustainable Energy Solutions Limited

Hemant Mohgaonkar
Director
DIN: 01308831

M. S. Unnikrishnan
Director
DIN: 01460245

Place: Pune
Date: April 26, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of ***Thermax Sustainable Energy Solutions Limited.***

Report on the Ind ASFinancial Statements

We have audited the accompanyingInd AS financial statements of **Thermax Sustainable Energy Solutions 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 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 and 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 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 there under. We conducted our audit of the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 profits 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 2(a) to the financial statements dealing with the preparation of financial statements on 'Not a Going Concern Basis '. 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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, and Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) 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;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **'Annexure 2'** to this report;

   (g) 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 Ind AS financial statements – Refer Note 20 to the Ind AS financial statements;

      ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P.Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 26, 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 Sustainable Energy Solutions Limited** ('the Company')

(i) (a) The Company does not hold Fixed Assets; therefore, clause 3(i) (a) of the Order is not applicable to the Company.

(b) The Company does not hold Fixed Assets; therefore, clause 3(i) (b) of the Order is not applicable to the Company.

(c) The Company does not hold immovable properties; therefore, clause 3(i) (c) of the Order is not applicable to the Company.

(ii) In the opinion and according to the information & explanations given to us, the requirement of Paragraph 3 (ii) of the Order in respect of 'Inventories' are not, applicable to the Companysince the company does not hold any inventories and hence no comments have been offered there under.

(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. 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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, are applicable. Therefore, Clause 3(v) of the Order is not applicable to the Company.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, cess , Goods & Service tax (GST) and other material statutory dues have generally been regularly deposited with the appropriate authorities. None of these dues were outstanding as at the year end, for a period of more than six months from the date they became payable.

(b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or Goods & Service tax (GST) which has not been deposited with the relevant authority.

(viii) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders during the year. Therefore, Clause 3(viii) of the Order is not applicable to the Company.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given by the management, the Company has not paid or provided any managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS 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 requirements under clause 3(xiv) are 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 **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 26, 2018

ANNEXURE 2

referred to in paragraph 2(f) 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')

To the Members of Thermax Sustainable Energy Solutions Limited.

We have audited the internal financial controls over financial reporting of **Thermax Sustainable Energy Solutions Limited** ('the Company') as of March 31, 2018 in conjunction with our audit of the 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. 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 Institute of Chartered Accountants of India.

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 26, 2018

Balance Sheet as at March 31, 2018

(All amounts in Rupees Lakh, unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
I. Non-current assets			
Income tax Assets (Net)	3	**201.01**	201.06
Total Non-current Assets		**201.01**	201.06
II. Current assets			
Current financial assets			
(a) Cash and cash equivalent	4 (a)	**65.14**	66.91
(b) Bank balances other than (a) above	4 (b)	**125.13**	117.07
(c) Loans and advances	5	**0.25**	0.25
(d) Other financial assets	6	**5.37**	7.24
Other current assets	7	**6.44**	6.44
Total Current Assets		**202.33**	197.91
Total		**403.34**	398.97
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	8	**475.00**	475.00
Other equity	9	**(865.70)**	(867.69)
		(390.70)	(392.69)
LIABILITIES			
I. Non-current liabilities			
Financial liabilities			
(a) Borrowings	10	**400.00**	400.00
		400.00	400.00
II. Current liabilities			
Financial liabilities			
(a) Borrowings	11	**338.44**	338.44
(b) Trade and other payables	12	**5.85**	4.77
(c) Other current financial liabilities	13	**0.01**	0.01
Provisions	14	**6.25**	5.54
Other current liabilities	15	**43.49**	42.90
		394.04	391.66
Total Equity and Liabilities		**403.34**	398.97
Summary of significant accounting policies	2.1		

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

(All amounts in Rupees Lakh, unless otherwise stated)

Particulars	Notes No.	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations		**-**	-
Other income	16	**20.14**	22.33
Total Income		**20.14**	22.33
Expenses			
Employee benefits expense	17	**13.83**	13.02
Other Expenses	18	**4.34**	1.41
Total expenses		**18.17**	14.43
Profit before tax		**1.97**	7.90
Tax expense			
Current tax		**-**	-
Deferred tax		**-**	-
Total tax expense		**-**	-
Profit for the year from Discountinued Operations		**1.97**	7.90
Other comprehensive income			
A. Items that will be reclassified to profit or loss			
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		**-**	-
Less: Income tax effect		**-**	-
Total other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year, net of tax		**1.97**	7.90
Earning per equity share [nominal value per share Rs.10/- (March 31, 2017: Rs.10/-)]			
Basic & Diluted	19	**0.04**	0.17
Summary of significant accounting policies	1-2		
Summary of significant accounting judgements, estimates and assumptions			
The accompanying notes are an integral part of the financial statements.			

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of Thermax Sustainable Energy Solutions Limited

H. P. Mahajani
Partner
Membership No. 030168

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

Amol Anil Phadke
Company Secretary

Place: Pune
Date : 26th April 2018

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of Thermax Sustainable Energy Solutions Limited

H. P. Mahajani
Partner
Membership No. 030168

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

Amol Anil Phadke
Company Secretary

Place: Pune
Date : 26th April 2018

Statement of cash flows for the year ended March 31, 2018

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

		Year Ended March 31, 2018	Year Ended March 31, 2017
A)	**Cash flows from operating activities**		
	Profit before tax	**1.97**	7.90
	Adjustments to reconcile profit before tax to net cash flows		
	Interest income	**(7.08)**	(9.94)
	Working capital adjustments		
	(Increase) / Decrease in Other non-current financial assets	**0.05**	
	(Increase) / Decrease in Other current financial assets	**1.87**	(0.25)
	Increase / (Decrease) in Trade Payables	**1.08**	(0.05)
	Increase / (Decrease) in Provisions	**0.71**	0.68
	Increase / (Decrease) in Other current liabilities	**0.61**	0.12
	Cash generated from operations	**(0.79)**	(1.54)
	Direct taxes paid (net of refunds received)	**-**	(0.23)
	Net cash inflow from operating activities	**(0.79)**	(1.77)
B)	**Cash flows from investing activities**		
	Increase in Deposits of more than 3 Months and less than 12 months	**(8.06)**	
	Interest received	**7.08**	2.70
	Net cash flows used in investing activities	**(0.98)**	2.70
	Net increase / (decrease) in cash and cash equivalents	**(1.77)**	0.93
	Cash and cash equivalents at the beginning of the year	**66.91**	65.98
	Cash and cash equivalents at the end of the year	**65.14**	66.91

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

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 4)	**65.14**	66.91
Balances as per statement of cash flows	**65.14**	66.91

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168

For and on behalf of the Board of Directors of
Thermax Sustainable Energy Solutions Limited

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

Amol Anil Phadke
Company Secretary

Place: Pune
Date : 26th April 2018

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees Lakh, unless otherwise stated)

1. Corporate information

Thermax Sustainable Energy Solutions Limited ('the Company') was in the business of offering Carbon Advisory Service which has since been indefinitely suspended (refer Note 2.1(a) below).

The address of its registered office is Thermax House, 14, Mumbai-Pune Road, Wakdewadi, Pune- 411003, India. These financial statements are authorized for issue by the Board of Directors on April 26, 2018. The CIN of the Company is U29219PN1987PLC045658.

2. Significant accounting policies

2.1. Basis of preparation, measurement and transition to Ind AS

(a) Basis of preparation

The company was in the business of Carbon Advisory Services. During the year ended 31 March, 2015, in view of continuous business uncertainties in the CER market, the Board of Directors of the Company has decided to indefinitely suspend the said business operations of the Company. Consequently, the financial statements for the year ended 31 March 2018, have been prepared on 'Not a Going Concern' basis.

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the 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 Company's accounting policies.

(b) Basis of measurement

The financial statements have been prepared on under historical cost convention.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

Notes to the Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rupees Lakh, unless otherwise stated)

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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

Initial Recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables.

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

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. **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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.

Significant accounting judgements

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

Legal contingencies

During the earlier years the Company had received orders/ notices from tax authorities in respect of direct taxes, for which proceedings are in process. 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 contingent losses including the estimate of legal expense to resolve the 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.

3. Income Tax Assets (Net)

	As at March 31, 2018	As at March 31, 2017
Advance Payment of Income Tax and Wealth Tax Non Current	**201.01**	201.06
Total	**201.01**	201.06

4 (a) Cash and bank balances

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks		
- on current accounts	**65.14**	66.91
Total	**65.14**	66.91

4 (b) Other bank balances

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	**125.13**	117.07
Unpaid dividend account (restricted)	**-**	-
Total	**125.13**	117.07

5. Current loans and advances

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Loans to staff and workers	**-**	-
Security deposits	**0.25**	0.25
Total	**0.25**	0.25

6. Other financial assets

	As at March 31, 2018	As at March 31, 2017
Interest accrued on fixed deposits etc.	**5.37**	7.24
Interest accrued on loan given to subsidiary	**-**	-
Receivable for sale of tangible fixed asset	**-**	-
Total	**5.37**	7.24

7. Other Current assets

	As at March 31, 2018	As at March 31, 2017
Others	**6.44**	6.44
Total	**6.44**	6.44

8. Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	**475.00**	475.00
	475.00	475.00
Issued, subscribed and fully paid share capital (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	**475.00**	475.00
Total issued, subscribed and fully paid-up share capital	**475.00**	475.00

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees Lakh, unless otherwise stated)

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2016	47,50,000
Issued during the year	-
At March 31, 2017	47,50,000
Issued during the year	-
At March 31, 2018	47,50,000

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 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 shares held by ultimate holding / holding company

	As at March 31, 2018	As at March 31, 2017
Holding company		
Thermax Limited, India		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	**475.00**	475.00

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

	Thermax Limited
As at March 31, 2018	
%	100%
No. of shares	47,50,000
As at March 31, 2017	
%	100%
No. of shares	47,50,000

9. Other Equity

	As at March 31, 2018	As at March 31, 2017
General reserve		
Balance as per last financial statement	**162.52**	162.52
Less: Impact of change in rate of depreciation	**-**	-
Closing balance	**162.52**	162.52
Surplus in Statement of profit and loss		
Balance as per last financial statement	**(1030.19)**	(1038.11)
Add: Profit for the year	**1.97**	7.90
	(1028.22)	(1030.21)
Less: Appropriations		
- Proposed equity dividend	**-**	-
- Tax on dividend	**-**	-
Total appropriations	**-**	-
Net surplus in the Statement of profit and loss	**(1028.22)**	(1030.21)
Total	**(865.70)**	(867.69)

10. Long Term Borrowings

	As at March 31, 2018	As at March 31, 2017
Term loans (other than banks)		
a. Preference Shares	400.00	400.00
Total	400.00	400.00
The above amount includes		
Amount disclosed under the head "Other current liabilities"	-	-
Net amount	400.00	400.00

Term/rights attached to Preference shares

The 6% Cumulative Preference shares issued on 12/04/2012 shall be redeemed in one or more tranches not later than a period of ten years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

As per the provisions of the Companies Act, 2013, in case is not in a position to redeem any preference shares or to pay dividend, if any, on such shares in accordance with the terms of issue (such shares hereinafter referred to as unredeemed preference shares), it may, with the consent of the holders of three-fourths in value of such preference shares and with the approval of the Tribunal on a petition made by it in this behalf, issue further redeemable preference shares equal to the amount due, including the dividend thereon, in respect of the unredeemed preference shares, and on the issue of such further redeemable preference shares.

Provision for dividend payable (interest under Ind AS) on preference shares has not been made in the absence of sufficient profits/reserves. The total amount of such interest as at 31 March 2018 amounts to Rs. 143 lacs at March 2018.

11. Borrowings

	As at March 31, 2018	As at March 31, 2017
Unsecured		
Others-Refer note no.21(b)	**338.44**	338.44
	338.44	338.44

12. Trade payables and other liabilities

	As at March 31, 2018	As at March 31, 2017
Trade payables		
a. total outstanding dues of micro enterprises and small enterprises	**-**	-
b. total outstanding dues of creditors other than micro enterprises and small enterprises	**5.85**	4.77
	5.85	4.77

Details of dues to micro and small enterprises as defined under The Micro, Small and medium enterprises Development (MSMED) Act 2006

	As at March 31, 2018	As at 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	**-**	-
Interest due thereon	**-**	-
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	**-**	-
The amount of payment made to the supplier beyond the appointed day during the year	**-**	-
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	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	-
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	**-**	-

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees Lakh, unless otherwise stated)

13. Other short term financial liabilities

	As at March 31, 2018	As at March 31, 2017
Employee related payables	**0.01**	0.01
Other payables	-	-
Total	**0.01**	0.01

14. Provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for gratuity	**4.90**	4.45
Provision for leave encashment	**1.35**	1.09
Total	**6.25**	5.54

15. Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Revenue received in advance	**42.61**	42.61
Statutory dues and other liabilities	**0.88**	0.29
Total	**43.49**	42.90

16. Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income		
Bank deposits	**7.08**	9.94
Others	-	0.04
Miscellaneous income	**13.06**	12.35
Total	20.14	22.33

17. Employee benefits expense

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	**11.95**	11.23
Contribution to provident and other funds	**1.36**	1.33
Gratuity expense	**0.45**	0.43
Staff welfare expenses	**0.07**	0.03
	13.83	13.02

18 (a) Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Rates and taxes	-	0.03
Legal and professional fees	**0.53**	0.68
Payment to auditor (refer details below)	**3.81**	0.70
	4.34	1.41

18 (b) Payment to auditors

	Year ended March 31, 2018	Year ended March 31, 2017
As auditor		
Audit and limited review fee	**0.70**	0.70
Tax audit fee	-	-
In other capacity		
Taxation matters	**3.11**	-
Other services	-	-
Reimbursement of expenses	-	-
Total	**3.81**	0.70

19. Earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Net profit attributable to the Equity shareholders of the Company	**1.97**	7.90
Weighted average number of Equity shares of Rs.10/- each	**47,50,000.00**	47,50,000.00
Basic & Diluted EPS	**0.04**	0.17

20 Contingencies and commitments

Contingent liabilities not provided for

a) Demand disputed of Income Tax in appellete proceedings Rs. 191.17 Lakh (Previous Year : Rs. 191.17 Lakh)

b) Appeals preferred by the Income Tax department in respect to which should the ultimate decision be unfavorable to the company, the liability is estimated to be Rs. 138.09 Lakh (Previous Year : Rs. 138.09 Lakh)

c) Dividend payable @ 6% on preference share Rs. 144 Lakh (Previous Year : Rs. 120 Lakh)

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees Lakh, unless otherwise stated)

21 Related party disclosures

A Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax Onsite Energy Solutions Ltd.
		Thermax International Ltd.
		Thermax Hong Kong Ltd
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda
		Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International Indonesia
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		First Energy Private Limited
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Foundation

B Key Management Personnel:

1. Mr. M S Unnikrishnan - Non Executive Director
2. Mr. Hemant Mahagaonkar- Non Executive Director
3. Mr. Shailesh Nadkarni - Non Executive Director (From April 12, 2017)
4. Mr. Amol Anil Phadke- Company Secretary

B Related party transactions include transactions pertaining to the followings parties:

Particulars	March 31, 2018	March 31, 2017
Transactions during the year		
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	**13.06**	12.35
Reimbursement of expenses to related parties		
Reimbursement of other expenses	**0.81**	-

Particulars	March 31, 2018	March 31, 2017
Balances as at the year end		
Trade payables and other liabilities		
Trade payables to Thermax Limited	**0.05**	1.75
Loans and advances		
Loan and Accrued Interest payable to Thermax Limited	**338.44**	338.44

II. Terms and conditions for outstanding balances

1. All outstanding balances are unsecured and repayable in cash.

III. Terms and conditions of related party transactions

"The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: 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."

22 a. Fair value measurements
Financial instruments by category

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	**March 31, 2018**	31-Mar-17
Other Financial Assets	**5.37**	7.24	**5.37**	7.24
Total financial assets	**5.37**	7.24	**5.37**	7.24

Note : Other Financial Assets consists of Accrued Interest receivables. In case of these assets the carrying value approximates fair value.

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

22 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				
Other Financial Assets	31st March 18	-	-	5.37

Notes to the Financial Statements for the year ended March 31, 2018

(All amounts in Indian Rupees Lakh, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 17	-	-	7.24

23 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. 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.

The Company is exposed to liquidity risk.The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

I 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 maintains flexibility in funding by maintaining availability under committed credit lines. 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 by the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the company operates. "

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity profile of the group's financial liabilities based on their contractual maturities for :

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	5.85	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

March 31, 2017	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	4.77	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

24 Capital Management

"For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents."

	March 31, 2018	March 31, 2017
Borrowings	**738.44**	738.44
Trade payables	**5.85**	4.77
Cash and cash equivalents	**(65.14)**	(66.91)
Equity	**(390.70)**	(392.69)

"In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017."

25 Previous years figures are re-grouped/re-classified to conform to current years classification.

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Board of Directors	***Registered Office***	***Auditors***
Sundar Parthasarathy Ravinder Advani Amitabha Mukhopadhyay Wolf Cornelius Sanjay Parande	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune - 411003	B. K. Khare & Co. Chartered Accountants Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road, Pune 411004

Key Managerial Personnel	***Corporate Office***	***Bankers***
Mahesh Kulkarni (Manager) Ravi Shewade (Manager) Rohit Joshi (Company Secretary) Sanjay Jakhotiya (CFO)	Energy House, D-II Block, Plot No. 38 &39, MIDC Chinchwad Pune-411009	Corporation Bank Axis Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present their Eight Annual Report of the company for the year ended March 31, 2018.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2017-18	2016-17
Total income	**1443.79**	2779.88
Profit/(Loss) before depreciation	**(773.10)**	21.23
Depreciation	**3.21**	3.25
Profit/(Loss) before tax	**(776.31)**	17.98
Provision for taxation (incl. deferred tax)	**Nil**	5.00
Profit/(Loss) after tax	**(776.31)**	12.98

STATE OF COMPANY'S AFFAIRS

The company is a strategic joint venture (JV) between Thermax Limited and Balcke-Dürr GMBH and Mutares Holding-24 AG, a wholly owned subsidiary of Mutares AG.

The JV has Air Cooled Condenser [ACC] product which is widely used on turbine exhaust application with a view to reduce water consumption in power generation. Your company sees a bright business opportunity this year as the cement sector is continuously adding the Power generation capacity and all of them require Air Cooled condenser for same. Besides this, more and more industry segments are becoming water conscious and we are seeing a good amount of Enq. inflow from other sectors as well. Over all your company is confident of outperforming this year on all aspects.

During the year, the company earned a total income of Rs. 1443.79 Lakh as against Rs. 2779.89 Lakh in the previous year. Current year loss was Rs. 776.31 Lakh as against previous year's profit after tax of Rs. Rs. 12.98 Lakh.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

HEALTH & SAFETY

Safety and health at offices and project sites are of paramount importance for your company. All executed projects so far are with "Zero loss time injury". All sites are equipped with necessary safety gears for the people working on sites.

DIVIDEND

In view of the accumulated losses the directors do not recommend any dividend during the year.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The company does not propose to carry any amount to reserves.

SHARE CAPITAL

The Paid up Share Capital of the Company is Rs. 2,000 Lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

PUBLIC DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. Consequently, it has no unpaid / unclaimed deposit(s) as on March 31, 2018.

PARTICULARS OF LOAN GUARANTEE AND INVESTMENT

During the year company has not given loans, guarantees and investments covered under the provisions of Section 186 of Companies Act 2013.

BUSINESS RISK MANAGEMENT

The company has identified and classified its key risks pertaining to the core business and has a broad framework in place for effective risk identification, review and mitigation. The company will continue to actively monitor and strengthen its risk management framework.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial controls are reviewed by Internal Audit Department of holding company on periodical basis. All significant and material observations emerging out of Internal Audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The Board had adopted at its meeting held on January 18, 2017 a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as "Annexure 1" and forms part of this report.

DIRECTORS

Dr. Wolf Cornelius and Mr. Amitabha Mukhopadhyay who has been appointed as an Additional Director with effect from December 30, 2016 and January 18, 2017 respectively upto the Annual General Meeting which is supposed to be held on September 30, 2017. Dr. Cornelius and Mr. Mukhopadhyay was eligible to hold office upto the date of next Annual General Meeting (AGM) or the last date on which the Annual General Meeting should have been held, whichever is earlier. The due date for conducting the AGM for FY 2016-17 was September, 30, 2017. Since, the AGM was not conducted within the due date; Dr. Cornelius and Mr. Mukhopadhyay ceased to be Director of the Company on September 30, 2017.

Considering the same Dr. Cornelius and Mr. Mukhopadhyay have been inducted on the Board of the company as an Additional Director with effect from March 29, 2018. Both Directors has been regularized at the Annual General Meeting held on March 30, 2018 in accordance with the provisions of Section 161 of the Companies Act, 2013.

Consequently Mr. Hans Andersch has resigned from the office of the director of the company with effect from March 13, 2018

Currently, the Board of the company comprises five Directors – Three non-executive directors and two independent directors. In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ravinder Advani retires by rotation and being eligible, offers himself for re-appointment as director.

CHANGE IN KEY MANAGERIAL PERSONNEL (KMP)

Consequent to the resignation of Mr. Mahesh Kakade as the Company Secretary effective August 22, 2017, Mr. Rohit Joshi has been appointed as the Company Secretary (CS) as well as KMP effective March 29, 2018.

Further Mr. Manohar Kansara resigned as the CFO effective January 20, 2017, Mr. Sanjay Jakhotiya has been appointed as the CFO as well as KMP effective March 29, 2018.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

BOARD MEETINGS

During the year, the Board met three times on May 16, 2017, November 16, 2017, and March 29, 2018. The intervening gap between the meetings was not within the period prescribed under the Companies Act, 2013.

The quorum for board meeting held on November 16, 2017 was not as per AOA.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 1st October 2017. The Company is in process to implement/adopt such revised standards.

COMMITTEES OF THE BOARD

The Board has constituted following committees viz. Audit Committee, Nomination and Remuneration Committee.

AUDIT COMMITTEE

The Audit committee met on May 16, 2017 where all members were present. Mr. Hans Andersch resigned effective March 13, 2018. Board reconstituted the composition of Audit Committee and it comprises 3 (Three) members, all being non-executive Directors namely Sanjay Parande (Chairman), Sundar Parthasarathy and Dr. Wolf Cornelius.

NOMINATION AND REMUNERATION COMMITTEE

During the year under review Mr. Hans Andersch resigned effective March 13, 2018. Board reconstituted the composition of Nomination and Remuneration committee. There were no committee meeting held during the Year. The Committee comprises three members, all being non-executive Directors namely Sundar Parthasarathy (Chairman), Sanjay Parande and Dr. Wolf Cornelius.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9, as required under Section 92 of the Companies Act, 2013 is annexed herewith as "Annexure 2" and forms part this report.

CONSERVATION OF ENERGY

Your Company is in the business of supply of Air Cooled Condenser, which helps the Company's customers to reduce potable water consumption, which in turn helps to reduce adverse impact on the environment.

TECHNOLOGY ABSORPTION

There was no technology acquisition and absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pertaining to foreign exchange earnings and outgo as per Section 134 (3) (m) of the Companies Act, 2013.

Particulars	31 March 2018	31 March 2017
Earnings		
Reimbursement of Expenses	0.00	0.00
Expenditure		
Royalty	0.00	0.00
Capital Expenditure	**0.00**	**0.00**
Net	**0.00**	**0.00**

PARTICULAR OF EMPLOYEES

None of the employees are covered by the provisions contained in rule 5(2) of the companies (Appointment and remuneration of Managerial personnel) Rules, 2014 framed under the companies Act, 2013.

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 and its future operations.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year / filed during the year, pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

M/s. B.K. Khare & Company, Chartered Accountants, Statutory Auditors of the Company till the conclusion of 10th Annual General Meeting.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

For and on behalf of the Board of Directors of
Thermax SPX Energy Technologies Limited

	Ravinder Advani	**Amitabha Mukhopadhyay**
Place: Pune,	Director	Director
Date: May 14, 2018	DIN: 01677195	DIN: 01806781

Annexure -1

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES

The Nomination & Remuneration (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding company. It was also decided that considering the nature of business of the company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the company and its employees. This Policy is based on the above TOR of NRC:

(1) Criteria for selection and appointment of Directors:

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

(2) Remuneration:

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding company and do not receive any remuneration or sitting fees.

The overall remuneration shall be in accordance with Sec. 197 and other applicable provisions & rules made thereunder from time to time.

Remuneration Policy for Senior Management, KMPs and employees:

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow Holding Company's Criteria as some of the KMPs are designated by the holding company:

(i) The remuneration is divided into Fixed component & Variable Component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the holding company.

ANNEXURE 2

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	:	U29299PN2009PLC134761
II. Registration Date	:	06.10.2009
III. Name of the Company	:	Thermax SPX Energy Technologies Limited
IV. Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V. Address of the Registered office and contact details	:	Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune – 411003, India
VI. Whether listed company	:	No

VII. Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

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	Air Cooled Condenser (ACC)	28110	100%

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	51	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govt.(s)	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	10199995	10199995	51	-	10199995	10199995	51	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1) :	**-**	**10199995**	**10199995**	**51**	**-**	**10199995**	**10199995**	**51**	**0**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	9800000	9800000	49	-	9800000	9800000	49	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):	**-**	**9800000**	**9800000**	**49**	**-**	**9800000**	**9800000**	**49**	**-**
Total share holding of Promoter (A)= (A)(1)+(A) (2)	**-**	**19999995**	**19999995**	**100**	**-**	**19999995**	**19999995**	**100**	**0**

Category of Shareholder	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	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt(s)									
d) State Govt(s)					NIL				
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.					NIL				
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	5	5	0	-	5	5	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1lakh									
c) Others (specify)									
- Directors Relative									
- Trusts					NIL				
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2)	-	5	5	0	-	5	5	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	5	5	0	-	5	5	0	0
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**20000000**	**20000000**	**100**	**-**	**20000000**	**20000000**	**100**	**0**

(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	Thermax Limited	10199995	51%	NIL	10199995	51%	NIL	NIL
2	Balcke-Dürr GmbH	5200000	26%	NIL	5200000	26%	NIL	NIL
3	Mutares Holding-24 AG	4600000	23%	NIL	4600000	23%	NIL	NIL
	Total	**19999995**	**100%**	**NIL**	**19999995**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding:

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)	
1	N A	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity):	NIL			
	At the end of the year				

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

Sl. No	Name of the shareholder	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
------------------------------------NIL------------------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the shareholder	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
------------------------------------NIL------------------------------------								

V. INDEBTEDNESS

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

Amount in Rs. Lakh

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)		----------------------------------NIL-----------------------------			
i)	Principal Amount				
ii)	Interest due but not paid				
iii)	Interest accrued but not due				
Total (i+ii+iii)					
Change in indebtedness during the financial year		-------------------------------NIL--------------------------------			
Addition					
Reduction					
Net Change					
Indebtedness at the end of the financial year (31.03.2018)					
i)	Principal Amount				
ii)	Interest due but not paid				
iii)	Interest accrued but not due				
Total (i+ii+iii)					

VI. Remuneration of Directors and Key Managerial Personnel

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

Amount in Lakh

Sl. no.	Particulars of Remuneration	Manager (Mahesh Kulkarni)	Manager (Ravi Shewade)	Total Amount in Rs.
1	Gross salary			
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	24.33	25.46	49.79
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	0.23	NIL	0.23
	(c) Profits in lieu of salary under section17(3) of the Income-tax Act,1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of proit	NIL	NIL	NIL
	- others, specify…	NIL	NIL	NIL
5	Others, please specify (Retiral Beneits)	NIL	NIL	NIL
	Total (A)	24.56	25.46	50.02

B. Remuneration to other Directors:

Amount in Rs. Lakh

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	**Sanjay Parande**		**Sundar Parthasarathy**		
	Fee for attending board / committee meetings	1.50		1.50		3.00
	Commission	-		-		-
	Others, please specify	-		-		-
	Total(1)	1.50		1.50		3.00
2.	Other Non-Executive Directors					
	Directors	**Ravinder Advani**	**Amitabha Mukhopadhyay**	**Dr. Wolf Cornelius**		**Total Amount**
	Fee for attending board /					
	Committee meetings					
	Commission					
	Others, please specify					
	Rent for Premises	------------------------------------NIL------------------------------------				
	Security Deposit for Lease Premises					
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director

Amount in Rs. Lakh

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount in Rs. Lakh
		Company Secretary (Mahesh Kakade)	
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	8.18	8.18
(b)	Value of perquisites u/s 17(2) of the Income-tax Act,1961	NIL	NIL
(c)	Profits in lieu of salary under section 17 (3) of the Income-tax Act,1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as% of profit	NIL	NIL
	- Others, specify	NIL	NIL
5.	Others, please specify (Retiral Beneits)	NIL	NIL
	Total	**8.18**	**8.18**

VII. 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			---------------------NIL-------------------		
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
Thermax SPX Energy Technologies Limited

Ravinder Advani
Director
DIN: 01677195

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place : Pune
Date : May 14, 2018

Independent Auditor's Report

To the Members of **Thermax SPX Energy Technologies Limited.**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Thermax SPX Energy Technologies 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 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 and 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 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 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act and Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) 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;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

   (g) 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 does not have any pending litigations which would impact its financial position;

   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. Refer Note 17 to the Ind AS financial statements. The Company has entered into long term derivative contracts during the year

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
Place of Signature: Pune
Date: May 14, 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 SPX Energy Technologies 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 been physically verified by the management during the year at the reasonable interval 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, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i) (c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(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) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Therefore, Clause 3(vi) of the Order is not applicable to the company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, cess, Goods and Service Tax (GST) and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(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, value added tax, cess, Goods and Service Tax (GST) 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, there are no dues of income-tax, sales-tax, service tax or duty of custom or duty of excise or Goods and Service Tax (GST) and value added tax not deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company does not have any loans or borrowing to a financial institution, bank or government or dues to debenture holders hence, reporting under clause (viii) is not applicable to the Company and hence not commented upon.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or 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 Companies Act, 2013.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS 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 requirements under clause 3(xiv) are 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 **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
Place of Signature: Pune
Date: May 14, 2018

Annexure 2 referred to in paragraph 2(f) 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')

To the Members of **Thermax SPX Energy Technologies Limited**

We have audited the internal financial controls over financial reporting of **Thermax SPX Energy Technologies Limited** ('the Company') as of March 31, 2018 in conjunction with our audit of the 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. 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
Place of Signature: Pune
Date: May 14, 2018

Balance Sheet as at March 31, 2018

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

Particulars	Note	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	3	8.99	5.32
Intangible assets	4	0.53	1.33
Financial assets			
(b) Loans	7 (a)	30.42	30.42
Income tax assets (net)	10	28.81	24.58
Other non-current assets	9	2.07	2.87
Total non-current assets		**70.82**	**64.52**
II. Current assets			
Financial assets			
(a) Investments	5	547.43	437.31
(b) Trade receivables	6	883.63	1,326.17
(c) Cash and cash equivalents	11 (a)	45.27	343.06
(d) Bank balances other than (c) above	11 (b)	818.00	500.00
(e) Loans	7 (b)	0.61	1.45
(f) Other financial assets	8	18.44	1.60
Other current assets	12	758.42	52.37
Total current assets		**3,071.80**	**2,661.96**
Total		**3,142.62**	**2,726.48**
III. Equity and liabilities			
Equity share capital	13	2,000.00	2,000.00
Other equity	14	(1,797.96)	(1,021.80)
		202.04	**978.20**
IV. Current liabilities			
Financial liabilities			
(a) Trade payables	15		
i. total outstanding dues of micro enterprises and small enterprises		504.46	511.08
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		301.76	236.65
(b) Other current financial liabilities	16	48.05	39.68
Other current liabilities	18	1,954.40	865.43
Provisions	17	131.91	95.44
Current tax liabilities (net)			
		2,940.58	**1,748.28**
Total		**3,142.62**	**2,726.48**

Summary of significant accounting policies 1-2

Summary of significant accounting judgements, estimates and assumptions 29

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

For B. K. KHARE & CO	For and on behalf of the Board of Directors of Thermax SPX Energy Technologies Limited	
Chartered Accountants ICAI Firm Reg No.105102W		
Shirish Rahalkar Partner Membership No. 111212	**Amitabha Mukhopadhyay** Director DIN No. : 01806781	**Sanjay Parande** Director DIN No. : 07161299
	Ravinder Advani Director DIN No. : 01677195	**Sanjay Jakhotiya** Chief Financial Officer
	Rohit Joshi Company Secretary	**Mahesh Kulkarni** Managers
	Place: Pune Date: May 14, 2018	**Ravi Shewade** Managers

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

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

Particulars	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations	19	1,364.63	2,600.47
Other income	20	79.16	179.41
Total Income (I)		**1,443.79**	**2,779.88**
Expenses			
Cost of raw materials and components consumed	21	1,751.85	2,312.20
Employee benefits expense	22	310.34	289.90
Depreciation and amortisation expense	23	3.21	3.25
Other Expenses	24 (a)	154.70	156.55
Total expenses (II)		2,220.10	2,761.90
Profit before exceptional items and tax [(I) - (II)]		(776.31)	17.98
Less: Exceptional items		-	-
Profit before tax (I-II)		**(776.31)**	**17.98**
Tax expense			
Current tax		-	5.00
Total tax expense		**-**	**5.00**
Profit for the year		**(776.31)**	**12.98**
Other comprehensive income			
A. Items that may be reclassified to profit or loss			
Net movement on Cash Flow Hedge	26	0.00	10.07
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	26	0.15	(0.20)
Total other comprehensive income for the year, net of tax.		**0.15**	**9.87**
Total comprehensive income for the year		**(776.16)**	**22.85**
Earning per equity share [Nominal value per share Rs.10/- (March 31, 2016: 10/-)] Basic and Diluted	25	(3.88)	0.06
Summary of significant accounting policies	1-2		
Summary of significant accounting judgements, estimates and assumptions	29		

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

For B. K. KHARE & CO	For and on behalf of the Board of Directors of Thermax SPX Energy Technologies Limited	
Chartered Accountants ICAI Firm Reg No.105102W		
Shirish Rahalkar Partner Membership No. 111212	**Amitabha Mukhopadhyay** Director DIN No. : 01806781	**Sanjay Parande** Director DIN No. : 07161299
	Ravinder Advani Director DIN No. : 01677195	**Sanjay Jakhotiya** Chief Financial Officer
	Rohit Joshi Company Secretary	**Mahesh Kulkarni** Managers
	Place: Pune Date: May 14, 2018	**Ravi Shewade** Managers

Cash Flow Statement for the year ended March 31, 2018

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

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A) Cash flows from operating activities		
Profit before tax	(776.31)	17.98
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	3.21	3.25
Liabilities no longer required written back	-	(98.55)
Interest income	(36.69)	(71.01)
Dividend income classified as investing cash flows	(23.70)	(7.57)
Working capital adjustments		
(Increase) / Decrease in Trade Receivables	442.54	287.62
(Increase) / Decrease in Inventories	-	60.65
(Increase) / Decrease in Other non-current assets	0.80	(1.73)
(Increase) / Decrease in Other current financial assets	(16.00)	(1.21)
(Increase) / Decrease in Other current assets	(706.05)	440.86
Increase / (Decrease) in Trade Payables	58.49	(732.26)
Increase / (Decrease) in Other current liabilities	1,088.97	73.86
Increase / (Decrease) in Provisions	36.62	22.59
Increase / (Decrease) in Other current financial liabilities	8.37	(6.11)
Cash generated from operations	**80.25**	**(11.63)**
Direct taxes paid (net of refunds received)	(4.23)	(7.37)
Net cash inflow from operating activities	**76.02**	**(19.00)**
B) Cash flows from investing activities		
Purchase of Fixed Assets	(6.08)	(1.81)
(Purchase) /Sale of other Investments	(110.12)	(316.62)
Interest/dividend/brokerage received	60.39	78.58
Increase/ (decrease) in other current interest bearing deposit	(318.00)	500.00
Net cash flows used in investing activities	**(373.81)**	**260.15**
C) Cash flows from financing activities	-	-
Proceeds from Borrowings	-	-
Repayment of Borrowings	-	-
Lease rentals paid	-	-
Interest paid	-	-
Dividend paid and tax thereon	-	-
Net cash flows used in financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	**(297.79)**	**241.15**
Cash and cash equivalents at the beginning of the year	343.06	101.92
Cash and cash equivalents at the end of the year	**45.27**	**343.06**

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

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 11)	**45.27**	**343.06**
Balances as per Cash flow statement	**45.27**	**343.06**

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

For and on behalf of the Board of Directors of Thermax SPX Energy Technologies Limited

Amitabha Mukhopadhyay
Director
DIN No. : 01806781

Sanjay Parande
Director
DIN No. : 07161299

Ravinder Advani
Director
DIN No. : 01677195

Sanjay Jakhotiya
Chief Financial Officer

Rohit Joshi
Company Secretary

Mahesh Kulkarni
Managers

Place: Pune
Date: May 14, 2018

Ravi Shewade
Managers

Statements of changes in equity for the year ended March 31, 2018

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

Statement of Changes in Equity

A) Equity Share Capital

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the reporting period	2,000.00	2,000.00
Changes in equity shares capital during the year	-	-
Balance at the end of the reporting period	**2,000.00**	**2,000.00**

B) Other Equity

Particulars	Reserves & Surplus	Items of OCI	Total Equity
	Retained Earnings	Effective portion of cash flow hedge	
As at April 1, 2016	**(1,034.57)**	**(10.07)**	**(1,044.64)**
Profit for the year	12.98	-	12.98
Other Comprehensive Income	(0.20)	10.07	9.87
Total comprehensive income	**(1,021.79)**	**0.00**	**(1,021.79)**
As at March 31, 2017	**(1,021.79)**	**-**	**(1,021.79)**
Profit for the year	(776.31)	-	(776.31)
Other Comprehensive Income	0.15	-	0.15
Total comprehensive income	**(1,797.95)**	**-**	**(1,797.95)**
As at March 31, 2018	**(1,797.95)**	**-**	**(1,797.95)**

1. Corporate information

Thermax SPX Energy Technologies Limited ('the Company') supplies an Air Cooled Condenser [ACC] product which is widely used on turbine exhaust application with a view to reduce water consumption in power generation.

The Company's portfolio also includes electrostatic precipitators (ESP), Bag Houses, Rotary Air Pre-Heaters (RAPHs) and related services.

The Company is a public limited Company incorporated and domiciled in India. The address of its registered office is Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune - 411003, India. These financial statements are authorized for issue by the Board of Directors on May 14, 2018. The CIN of the Company is U29299PN2009PLC134761.

2. Significant accounting policies

2.1. Basis of preparation, measurement and transition to Ind AS

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and 2017

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 29.

(b) Basis of measurement

The 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)
- Defined benefit plans whereby the plan assets are measured at fair value

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's 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.

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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial 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 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 no. 29)
- Quantitative disclosures of fair value measurement hierarchy (Note no. 34(b))
- Financial instruments (Note no. 2.2 (h))

d. Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment ('PPE') is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance costs are recognized in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains of losses arising from de-recognition of PPE 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 PPE is derecognized.

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.

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

Asset category	**Company's estimate of useful life (years)**	**Useful life as prescribed under Schedule II (years)**
Plant and equipment*	5 to 25	15 to 20
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.

e. Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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.

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

Asset category	Life (years)
Computer software	3 to 5

f. Inventories

Project bought out goods are valued at lower of cost and estimated net realizable value. 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.

g. 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 made. 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 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.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The Company collects Goods and Service Tax 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 in respect of projects 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. 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, 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 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

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend

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

h. 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

Initial Recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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.

This category is the most relevant to the Company. 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.

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.

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.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to

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

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

which Ind AS 103 applies 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 P&L, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

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

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 (i.e. removed from the Company's balance sheet) 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances

(b) Lease receivables under Ind AS 17

(c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements and Ind AS 18)

(d) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss 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 loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss 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 P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost, contract assets and lease receivables:** 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.
- **Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

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

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to the Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss. The Company has not designated any financial liability as at fair value through Statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

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 Statement of profit and loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to the operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in the Statement of profit and loss.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to the Statement of profit and loss at the reclassification date.

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

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

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.

i. 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 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 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
- Hedges of a net investment in a foreign operation

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, hedge ratio 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) 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 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.

The Company does not use hedges of net investment.

j. 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.

k. Share capital

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

l. 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 outside profit or loss (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 liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 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

Deferred tax assets have not been recognised in respect of Deductible temporary differences and Tax losses carried forward for year ended 31st March 2018 and 31st March 2017.

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

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

Deferred tax assets have not been recognised in respect of these items because of uncertainty relating to availability of future taxable profits against which they can be realized.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

m. 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.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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.

n. 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.

o. 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

p. 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.

q. 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. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

r. 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.

s. Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

t. Standards issued but not yet effective

The MCA has notified Ind AS 115, revenue from contracts with customers effective 1 April 2018. The Company is evaluating the impact of the Standard and will be given effect to from the next financial year.

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

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

3. Property, Plant and Equipment

Particulars	Computer	Office equipments	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Cost As on April 1, 2016	**3.75**	**0.03**	**0.02**	**1.31**	**2.94**	**8.06**
Addition	1.81	-	-	-	-	1.81
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2017	**5.56**	**0.03**	**0.02**	**1.31**	**2.94**	**9.87**
Accumulated Depreciation						
Balance As at April 1, 2016	0.49	-	-	0.58	1.13	2.19
Charge for the year	0.64	-	-	0.58	1.13	2.35
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2017	**1.12**	**-**	**-**	**1.15**	**2.26**	**4.54**
Cost As on April 1, 2017	**5.56**	**0.03**	**0.02**	**1.31**	**2.94**	**9.87**
Additions	5.98	0.09	-	-	-	6.07
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2018	11.54	0.12	0.02	1.31	2.94	15.92
Accumulated Depreciation						
Charge for the year	1.94	0.09	-	0.07	0.30	2.40
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2018	**3.06**	**0.09**	**-**	**1.22**	**2.56**	**6.93**
Net Block March 31, 2018	**8.48**	**0.03**	**0.02**	**0.09**	**0.38**	**8.99**
Net Block March 31, 2017	**4.44**	**0.03**	**0.02**	**0.16**	**0.68**	**5.32**

4. Intangible Assets

The following tables present the reconciliation of changes carrying value of intangible assets.

Particulars	Computer Software	Total
Cost As on April 1, 2016	**3.09**	**3.09**
Addition	0	0
Disposals	0	0
Gross carrying amount as at March 31, 2017	**3.09**	**3.09**
Accumulated Depreciation		
Balance As at April 1, 2016	0.85	0.85
Charge for the year	0.90	0.90
Disposals	-	-
Closing accumulated depreciation as at March 31, 2017	**1.75**	**1.75**
Cost As on April 1, 2017	3.09	3.09
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2018	**3.09**	**3.09**
Accumulated Amortisation		
Amortisation charge for the year	0.81	0.81
Disposals	-	-
Closing accumulated depreciation as at March 31, 2018	**2.56**	**2.56**
Net Block March 31, 2018	**0.53**	**0.53**
Net Block March 31, 2017	**1.33**	**1.33**

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

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

5. Current Investments :

	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)					
(I) 7169.20 (Previous Year: 3321.3124) units of Kotak Liquid Scheme Plan A - Dividend re-investment	10.00	7,169.20	3,321.31	87.67	40.61
(ii) 111187.86 (Previous Year: 21754.326) units of ICICI Prudential Money Market Fund - Dividend Reinvestment	10.00	111,187.86	21,754.33	111.41	21.79
(iii) 9765.07 (Previous Year: 4243.278) units of UTI Liquid Cash Institutional Daily dividend plan - Dividend re-investment	10.00	9,765.07	4,243.28	99.55	43.26
(iv) 3335.37 (Previous Year: 3335.370) units of Tata Liquid Fund Direct Growth Plan	10.00	3,335.37	3,335.37	106.86	100.00
(v) 3526.30 (Previous Year: 3903.446) units of Tata Money Market Fund - Direct Growth Plan	10.00	3,526.30	3,903.45	96.56	100.00
(vi) 45305.58 (Previous Year: 131622.865) units of BSL Floating Rate Fund Short Term Daily dividend plan - Dividend re-investment	10.00	45,305.58	131,622.87	45.38	131.65
Total Current Investments				**547.43**	**437.31**
Aggregate amount of quoted investments and market value thereof				547.43	437.31
Aggregate amount of unquoted investments				-	-
Aggregate amount of impairment in the value of investments				-	-

Investments at fair value through profit or loss reflect investment in quoted equity and debt securities.

6. Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables	828.50	1,006.54
Receivables from related parties	**55.13**	**319.63**
Total receivables	**883.63**	**1,326.17**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	883.63	1,326.17
Doubtful	16.76	-
	900.39	**1,326.17**
Less: Provision for Bad & Doubtful Debts	16.76	-
Total	**883.63**	**1,326.17**

7 a. Non - Current loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Security deposits*	30.42	30.42
Total	**30.42**	**30.42**

*No loans are due from directors or other officers 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.

7 b. Current Loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Loans to staff and workers*	0.61	1.45
Total	**0.61**	**1.45**

*No loans are due from directors or other officers 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.

8 Other current financial assets

	As at March 31, 2018	As at March 31, 2017
Unbilled revenue	-	1.60
Interest Accrued but not due	18.44	-
Total	**18.44**	**1.60**

9 Other non current assets

	As at March 31, 2018	As at March 31, 2017
Sales Tax Recoverable	2.07	2.87
Total	**2.07**	**2.87**

10 Income Tax Assets (net)

	As at March 31, 2018	As at March 31, 2017
TDS Receivable	28.81	24.58
Total	**28.81**	**24.58**

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

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

11(a) Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks		
- in current accounts	45.27	343.06
Total	**45.27**	**343.06**

11(b) Other bank balances

	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than Three months but less than 12 months	818.00	500.00
Total	**818.00**	**500.00**

12 Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Advance to supplier	751.53	48.74
Advances to Staff and Workers	1.97	1.97
Prepaid Expenses	4.92	1.67
Interest Accrued but not due		-
Total	**758.42**	**52.38**

There were no advances due by directors or other 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 ay director is a partner or a member

Break-up of financial assets carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Investments	547.43	437.31
Trade receivables	883.63	1,326.17
Loans	31.03	31.87
Other financial assets	18.44	1.60
Cash and cash equivalents (note 11(a))	45.27	343.06
Bank balances other than cash and cash equivalents	818.00	500.00
Total	**2,343.80**	**2,640.01**
Current assets	2,313.38	2,609.59
Non-current assets	30.42	30.42
Total	**2,343.80**	**2,640.01**

13 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
5,00,00,000 (Previous Year: 5,00,00,000) Equity Shares of Rs 10 /- each.	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid share capital (Nos)		
2,00,00,000 (Previous Year: 2,00,00,000) Equity Shares of Rs 10 /- each.	2,000.00	2,000.00
Total issued, subscribed and fully paid-up share capital	**2,000.00**	**2,000.00**

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2016	20,000,000
Changes during the period	-
At March 31, 2017	20,000,000
Changes during the period	-
At March 31, 2018	**20,000,000**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 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. 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) 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	
	No. of shares	%	No. of shares	%
Thermax Limited	10,200,000	51%	10,200,000	51%
Balcke-Dürr GmbH	5,200,000	26%	5,200,000	26%
Mutares Holding-24 AG	4,600,000	23%	4,600,000	23%

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.

14 Other equity

	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
Retained earnings		
Opening balance	(1,021.80)	(1,034.57)
Add: Profit for the year	(776.31)	12.98
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations,	0.15	(0.20)
Net surplus in the statement of profit and loss	**(1,797.96)**	**(1,021.80)**
Total Reserves and Surplus	**(1,797.96)**	**(1,021.80)**
Cash flow hedge reserve		
Opening balance	-	(10.07)
Add/ Less : Movement during the year	-	10.07
Less: Deferred tax on movement		
Closing balance	-	-
Total	**(1,797.96)**	**(1,021.80)**

Nature and purpose of reserves

Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory puchases. For hedging foreign currency risk, the Company uses foreign currency forward contracts which is designated as cash flow hedges. To the extent these hedges are effective, the change in fair value of the hedging instrument is

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

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

recognized in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

15 Current trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	504.46	511.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties	140.68	135.42
(ii) Others	161.08	101.23
Total	**806.22**	**747.73**

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	504.46	511.08
Interest due thereon	NIL	NIL
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	NIL	NIL
The amount of payment made to the supplier beyond the appointed day during the year	NIL	NIL
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	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
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	NIL	NIL

16 Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Employee related payables	47.72	39.68
Fair value non hedges		
Derivative instruments - Foreign Exchange Forward Contracts	0.33	-
Total	**48.05**	**39.68**

17 Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for gratuity (note 31)	4.84	2.48
Provision for leave encashment	23.40	22.54
	28.24	**25.02**
Other provisions		
Provision for onerous contracts	31.55	9.71
Provision for warranties	72.12	60.71
	103.67	70.42
Total	**131.91**	**95.44**

Movement in provisions

	Provision for onerous contracts	Provision for warranties
As at April 1, 2017		
Balance at the beginning	9.71	60.71
Charged/(Credited) to profit or loss	21.84	11.42
As at March 31, 2018	**31.55**	**72.13**
Current	31.55	72.13
Non-Current	-	-
Total	**31.55**	**72.13**

18 Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	921.55	672.83
Balances Payable to government authorities	12.00	-
Revenue received in advance*	1,016.29	187.92
Statutory dues and other liabilities**	4.56	4.68
Total	**1,954.40**	**865.43**

* Includes amount received as advance from related parties for March'18 Rs 167.35 (March'17 Rs. 65.71)

** mainly includes tax deducted at source, provident fund, ESIC, etc.

Break up of financial liabilities carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Trade payable	806.22	747.74
Employee related payables	47.72	39.68
Derivative instruments - Foreign Exchange Forward Contracts	0.33	-
	854.27	**787.42**
Current liabilities	854.27	787.41
Non current liabilities	-	-
	854.27	**787.41**

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

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

19 Revenue from operations (net)

	March 31, 2018	March 31, 2017
Sale of products and services		
Sale of Project Bought out goods	1,338.29	2,545.13
Sale of services	31.42	14.00
Other operating revenue		
Export incentives	-	18.17
Exchange fluctuation gain (net)	(5.08)	23.17
Total	**(5.08)**	**41.34**
Revenue from operations (net)	**1,364.63**	**2,600.47**

20 Other income

	March 31, 2018	March 31, 2017
Dividend income		
Current investment	23.70	7.57
Liabilities no longer required written back	-	98.55
Fair Value Gains on Mutual Fund	18.70	-
Miscellaneous income	-	2.19
Interest income from financial assets at amortised cost		
Bank deposits	36.69	71.01
Others	0.07	0.09
Total	**79.16**	**179.41**

21 Cost of raw material and components consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	-	60.65
	1,751.85	**2,312.20**
Inventories at the end of the year	-	-
Total	**1,751.85**	**2,312.20**

22 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	272.47	254.66
Contribution to provident and other funds	25.81	25.76
Gratuity expense (note 31)	4.29	3.89
Staff welfare expenses	7.77	5.99
	310.34	**289.90**

23 Depreciation and amortization expense

	March 31, 2018	March 31, 2017
Depreciation of tangible assets (note 3)	2.40	2.35
Amortization of intangible assets (note 4)	0.81	0.90
	3.21	**3.25**

24 (a) Other expenses

	March 31, 2018	March 31, 2017
Consumption of stores and spare parts	1.00	0.53
Power and fuel	5.39	7.70
Site expenses and Contract labour charges	21.98	30.31
Drawing, design and technical service charges	5.52	2.82
Advertisement and sales promotion	-	0.03
Rent	31.19	44.34
Repairs and maintenance		
Buildings	3.29	4.72
Travelling and conveyance	23.44	21.89
Legal and professional fees	7.70	6.61
Audit Fee (note 24(b))	1.00	1.00
Director sitting fees	3.35	7.81
Doubtful Advances/ Deposits	5.99	-
Provision for doubtful debts (net)	16.76	-
Warranty expenses (net)	11.43	14.85
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	13.95	10.64
Total	**154.70**	**156.56**

24 (b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit Fee	0.80	0.80
Tax audit fee	0.10	0.10
In other capacity		
Taxation matters	0.10	0.10
Total	**1.00**	**1.00**

25 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	(776.31)	12.98
Weighted average number of Equity shares of Rs.10/- each	20,000,000	20,000,000
Basic & Diluted EPS	(3.88)	0.06

26 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
During the year ended March 31,2018		
Foreign currency translation differences		
Currency forward contracts	-	-
Reclassified to statement of profit or loss	-	-
Re-measurement gains (losses) on defined benefit plans	-	0.15
Total	**-**	**0.15**
During the year ended March 31,2017		
Foreign currency translation differences		
Currency forward contracts		
Reclassified to statement of profit or loss	10.07	-
Re-measurement gains (losses) on defined benefit plans	-	(0.20)
Total	**10.07**	**(0.20)**

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

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

27 Construction contracts

	As at March 31, 2018	As at March 31, 2017
Contract Revenue recognised during the year	1,338.29	2,385.75
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	8336.70	6,598.90

	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress	1,016.29	187.92
Retention money due from customers for contracts in progress	210.29	478.35
Gross amount due from customers [disclosed as unbilled revenue (Refer note 8)]	-	1.60
Gross amount due to customers [disclosed as unearned revenue (Refer note 18)]	921.55	672.83

28 Income Taxes

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

	As at March 31, 2018	As at March 31, 2017
Accounting profit before tax from continuing operations	-	17.98
At India's statutory income tax rate of 32.445% (March 31, 2016: 32.445%)	-	5.83
Effects of income not subject to tax		
- Dividend income	-	(2.00)
- Others- MAT Credit	-	
Effects of tax rate changes (net)		(3.58)
Effects of non-deductible business expenses		
Effects of Tax Losses carried forward / Tax Credits		4.75
Other differences -Warranty		
At the effective tax rate of 32.445 % (March 31, 2016: 32.445%)	-	**5.00**
Income tax expense reported in the statement of profit or loss	**-**	**5.00**

29. Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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.

Judgements

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

1. **Revenue recognition on construction contracts**

   A significant portion of the Company's business relates to construction of assets which are 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.

2. **Legal contingencies**

   In the event the Company receives orders and notices from tax authorities in respect of direct taxes and indirect taxes and if the outcome of these matters may have a material effect on the financial position, results of operations or cash flows, management analyzes the information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the 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.

3. **Segment reporting**

   Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in 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.

   The Company has determined that the CODM is the Managers, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD 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 one reportable segments i.e. Energy (Air cooled condenser)

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.

1. **Constructions contracts:**
   - 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
   - Onerous contract provisions: 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.

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

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

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.

2. **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 most subject 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 31.

3. **Warranty provision**

The Company generally offers 12 to 18 months warranties for its 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.

4. **Useful lives of property, plant and equipment and intangible assets**

The Company determines 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.

5. **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.

6. **Segment Reporting**

As the company operates in a single segment no separate disclosures are required.

30 Lease commitments

a) Operating lease: Company as lessee

The Company has taken office buildings 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.

Future minimum lease rental payables under cancellable operating leases are as follows:

	March 31, 2018	March 31, 2017
Lease payments for the year	31.19	44.34

31 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 @ 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.

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	21.76	(17.40)	4.36
Current service cost	3.57	0.20	3.77
Interest expense/(income)	1.70	(1.57)	0.13
Adjustment to opening value	-		-
Total amount recognised in Profit or Loss	**5.26**	**(1.37)**	**3.89**
Experience adjustments	(1.14)	(0.45)	(1.59)
Actuarial (gain)/loss from change in financial assumptions	1.39	-	1.39
Total amount recognised in Other Comprehensive Income	**0.25**	**(0.45)**	**(0.20)**
Employer contributions	-	(4.50)	(4.50)
Benefits paid	(1.08)	-	(1.08)
March 31, 2017	**26.20**	**(23.72)**	**2.48**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	26.20	(23.72)	2.48
Current service cost	3.93	0.25	4.18
Interest expense/(income)	1.82	(1.71)	0.11
Total amount recognised in Profit or Loss	**5.75**	**(1.46)**	**4.29**
Experience adjustments	1.37	(0.07)	1.30
Actuarial (gain)/loss from change in financial assumptions	(1.15)	-	(1.15)
Total amount recognised in Other Comprehensive Income	**0.22**	**(0.07)**	**0.15**
Employer contributions	-	(0.22)	(0.22)
Benefits paid	(1.85)	-	(1.85)
March 31, 2018	**30.31**	**(25.47)**	**4.84**

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	30.31	26.20
Fair value of plan assets	(25.47)	(23.72)
Deficit of funded plan	4.84	2.48

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

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

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.80%	7.20%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.20%	8.00%
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	10%	10%

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	March 31, 2017
Discount rate		
1.00% increase	Decrease by 1.76	Decrease by 1.71
1.00% decrease	Increase by 1.96	Increase by 1.92
Future salary increase		
1.00% increase	Increase by 1.67	Increase by 1.65
1.00% decrease	Decrease by 1.53	Decrease by 1.50
Attrition Rate		
1.00% increase	Increase by 0.08	Increase by 0.02
1.00% decrease	Decrease by 0.09	Decrease by 0.02

"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 prior period."

The following are the expected future benefit payments :

Particulars	March 31, 2018	March 31, 2017
Within next 12 months	4.77	2.78
Between 2-5 years	17.35	15.94
Between 5-10 years	26.89	24.48

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%

32 Related party disclosures

A Fellow 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
1	Thermax Engineering Construction Company Limited	India
2	Thermax Instrumentation Limited	India
3	Thermax Sustainable Energy Solutions Limited	India
4	Thermax Onsite Energy Solutions Limited	India
5	Thermax International Limited (Mauritius)	Mauritius
6	Thermax Europe Limited (U.K.)	United Kingdom
7	Thermax Inc. (U.S.A)	USA
8	Thermax do Brasil Energia e Equipametos Ltda. (Brazil)	Brazil
9	Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China)	China
10	Thermax Netherlands B.V. (Netherlands)	Netherlands
11	Thermax Denmark ApS (Denmark)	Denmark
12	Danstoker A/S (Denmark)	Denmark
13	Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)	Denmark
14	Thermax SDN. BHD. (Malaysia)	Malaysia
15	Rifox – Hans Richter GmbH Spezialarmaturen (Germany)	Germany
16	Boilerworks A/S (Denmark)	Denmark
17	Boilerworks Properties ApS (Denmark)	Denmark
18	Thermax Senegal S.A.R.L.	Senegal
19	Thermax Nigeria Limited	Nigeria
20	PT Thermax International Indonesia	Indonesia
21	Thermax Engineering Singapore Pte. Ltd.	Singapore
22	First Energy Private Ltd.	India
23	ESOP Trust and Employee Welfare Trust**	India

** The Company has an 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.

B Fellow Joint Venture Subsidiaries

Sr No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	India

C Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2018	Ownership interest March 31, 2017	Type
1	RDA Holdings Pvt Ltd	India	-	-	Ultimate holding company
2	Thermax Limited	India	51%	51%	Holding company

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

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

D. Party having substantial interest

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2018	Ownership interest March 31, 2017
1	Balcke Durr GmbH	Germany	26%	26%
2	Mutares Holding-24 AG	Mauritius	23%	23%

E Key Management Personnel:

Sr. No.	Name	Position
1	Mr. Sanjay Parande	Independent Director
2	Mr. Sundar Parthasarathy	Independent Director
3	Mr.Mahesh Kulkarni	Manager
4	Mr. Ravi Shewade	Manager
5	Mr. Mahesh Kakade (upto 22nd August-2017)	Company Secretary
6	Mr. Rohit Joshi (w.e.f. 29th March-2018)	Company Secretary
7	Mr. Sanjay Jakhotiya (w.e.f. 29th March-2018)	CFO

33 (a) Transactions with Related parties:

	THERMAX		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a. Transactions during the year				
Sales of products and services	845.92	697.30	845.92	697.30
Reimbursement of expenses to related parties	38.25	152.50	38.25	152.50

33 (b) Balances with Related parties:

	THERMAX LIMITED		Total	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
b. Balances as at the year end				
Trade receivables	55.13	319.63	55.13	319.63
Security Deposit	30.42	30.42	30.42	30.42
Advances received	167.35	65.71	167.35	65.71
Trade payables and other liabilities	140.68	135.43	140.68	135.43

33 (c) Independent Director's Sitting Fee:

Particulars	March 31, 2018	March 31, 2017
Mr.Sunder Parthasarathy	1.10	3.19
Mr.Sanjay Parande	1.10	3.19

33 (d) Key Managerial Personnel Remuneration

Particulars	Designation	March 31, 2018	March 31, 2017
Mr.Mahesh Kulkarni	Manager	24.56	23.51
Mr.Ravi Shewade	Manager	25.46	23.75
Mr.Mahesh Kakade	Company Secretary	8.18	8.93

34 (a) Fair value measurements

Financial instruments by category

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Investments				
Mutual funds	547.43	437.31	547.43	437.31
Total financial assets	**547.43**	**437.31**	**547.43**	**437.31**

The management assessed that cash and cash equivalents, trade receivables, loans, trade payables, other current financial liabilities and other current financial assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

34 (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 2
Financial assets		
Investments		
Mutual funds	31 March 2018	547.43

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2017	437.31

The company transactions are primarily denoted in Indian Rupees, hence the risks associated with foreign currency transactions are not significant.

35 Capital Management

"For the purpose of the Company's capital management, capital includes issued equity capital to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents."

Particulars	March 31, 2018	March 31, 2017
Trade payables	806.22	747.73
Less: Cash and cash equivalents	863.27	843.06
Net debt	(57.05)	(95.33)
Equity	202.04	978.20
Capital and net debt	(259.09)	(1,073.53)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2018.

36 Previous year's figures have been regrouped/reclasssified where necessary to confirm to this year's classification.

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors

Meher Pudumjee, Chairperson
M. S. Unnikrishnan
Ravinder Advani
Amitabha Mukhopadhyay
Mark Low
Christopher Jones
Cameron Frymyer

Registered Office

Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema,
Colaba, Mumbai- 400039. Maharashtra, INDIA.

Corporate Office

ADISA ICON, Gat no 301/2/1,
Mumbai Bangalore Highway,
Opposite HEMRL,
Bavdhan Budruk,
Pune – 411 021.

Auditors

B. K. Khare & Co.
706/707, Sharda Chambers, New Marine Lines,
Mumbai – 400020.

Key Managerial Personnel

Ravinder Advani, CEO
Abhay Shah, CFO
Apurva Gupte
Company Secretary

Manufacturing Facility

Plot No. A-2 & A-3, Khandala Industrial Area, Phase-I,
MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara-412802,
Maharashtra.

Bankers

ICICI Bank Ltd.
State Bank of India

DIRECTORS' REPORT

Dear Shareholders,

Your directors present their Eighth Annual Report together with the audited financial statements of your company for the year ended March 31, 2018.

FINANCIAL RESULTS

(Rs. in crore)

Particulars	2017-18	2016-17
Total income	**167.84**	313.69
Profit/(Loss) before depreciation, amortisation & impairment	**28.53**	50.09
Depreciation , amortisation & impairment	**(70.16)**	(175.12)
Profit /(Loss) before tax	**(41.63)**	(125.03)
Provision for taxation (incl. deferred tax)	**Nil**	Nil
Profit/ (Loss) after tax	**(41.63)**	(125.03)

PERFORMANCE

During the year, the company earned a total income of Rs. 167.84 Crore as against Rs. 313.69 Crore in the previous year. Profit after tax was Rs. (41.63) Crore as against previous year's profit after tax of Rs. (125.03) crore. The Company has not received any new order during the year and has earned revenues only from execution of orders carried forward from earlier year. These orders were received from Babcock & Wilcox for engineering and manufacture of pressure parts for power boilers. There has been no order from the domestic market. The company has incurred net loss as capacity utilisation remained at low level. During the year, the company has recognised impairment in the value of fixed assets to the extent of Rs. 49.28 crore, in view of limited visibility of future demand.

AMOUNTS TRANSFERRED TO RESERVES

No amount is proposed to be transferred to reserves.

DIVIDEND

In absence of profits, the directors do not recommend any dividend for the year.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

Babcock & Wilcox had approached Thermax Ltd indicating it's willingness to divest it's entire shareholding in the Company. The negotiations between the JV partners are in progress and a preliminary agreement has been reached.

CHANGES IN SHARE CAPITAL, IF ANY

There are no changes in the Share Capital of the Company during the financial year 2017-18.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

The Company has not received any new order during the year and has earned revenues only from execution of orders carried forward from earlier year.

DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

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 note no. 5 of the Financial Statements.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has constituted the Audit & Risk Committee in accordance with the provisions of the Companies Act, 2013 and thus direct access to the Chairman of the Audit & Risk Committee in exceptional or appropriate cases would be provided in the said mechanism. The company has also instituted a strong compliance program with B&W's support that offers a reporting mechanism to all employees on a confidential basis.

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on 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 1".

BUSINESS RISK MANAGEMENT

The company has instituted proven and established best practices for risk management, adopted from its promoters. It utilizes a structured and documented project risk and opportunity management system to review bids for new business. Risk management and mitigation is an integral part of this process. It also tracks and manages identified risks through periodic reviews during project execution. However, the Company is facing significant operating risk due to lower demand for coal based power plants in India.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The company has an internal audit procedure and follows a three year rolling plan duly approved by the Audit & Risk Committee. The internal auditors conduct the internal audit on a quarterly basis and present the observations and recommendations to the Committee for implementation of improvements/ modification of controls, as needed. The company also has adequate policies for internal controls. The internal auditors have reviewed the adequacy of internal control systems commensurate with the nature and size of the business.

In the opinion of the Auditors, there are no findings which have significantly impacted the financial reporting.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Mr. Mark Carano vacated the office as director, during the year, pursuant to the provisions of section 167(1) (b) of the Companies Act, 2013.

Mr. Sundar K. Parthasarathy was inducted as an additional director with effect from May 24, 2017 and was appointed as an independent director in the Annual General Meeting held on May 25, 2017, he has further tendered his resignation on May 03, 2018. Mr. Mark Low, Mr. Cameron Frymyer and Mr. Mark Carano were appointed as directors in the Annual General Meeting held on May 25, 2017. Mr. Suhas Tuljapurkar has tendered resignation from the directorship of the Company with effect from May 14, 2018.

As per the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ravinder Advani and Mr. Amitabha Mukhopadhyay retire by rotation and being eligible offer themselves for re-appointment as directors.

Key Managerial Personnel (KMP)

Mr. Kedar Phadke resigned as a Company Secretary with effect from July 09, 2017. Mr. Ravinder Advani was appointed as the CEO and Mr. Abhay Shah was appointed as the CFO with effect from August 18, 2017. Ms. Apurva Gupte was appointed as a Company Secretary with effect from March 29, 2018.

Board Meetings

During the year, the Board met four times on May 24, 2017, August 18, 2017, December 01, 2017, and March 29, 2018. The intervening gap between the meetings was less than as prescribed, under the Companies Act, 2013.

Remuneration Policy

The Nomination and Remuneration Committee has approved a policy for appointment and remuneration of directors and Key Managerial Personnel. During the year, the company has not paid any remuneration to its directors.

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 and according to the information and explanations obtained by them, state that -

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

b) Appropriate accounting policies have been selected and applied consistently and 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 loss 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 accounts have been prepared on a going concern basis;

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

BOARD COMMITTEES

Presently, the Board has the following two committees:

1. **Audit & Risk Committee**

   The Audit & Risk Committee as at the year end, comprises of Mr. Amitabha Mukhopadhyay (Committee Chairman), Mr. Suhas Tuljapurkar and Mr. Sundar Parthasarathy. On account of resignation tendered by Mr. Sundar Parthasarathy and Mr. Suhas Tuljapurkar from directorship of the Company, the Committee shall be re-constituted in due course.

   The committee met once during the financial year 2017-18 on August 18, 2017. The statutory and internal auditors are permanent invitees and attend the meetings of the committee.

2. **Nomination & Remuneration Committee**

   The Nomination & Remuneration Committee as at the year end, comprises of Mr. Cameron Frymyer (Committee Chairman), Mr. Amitabha Mukhopadhyay, Mr. Suhas Tuljapurkar and Mr. Sundar Parthasarathy. On account of resignation tendered by Mr. Sundar Parthasarathy and Mr. Suhas Tuljapurkar from directorship of the Company, the Committee shall be re-constituted. The terms of reference of the committee include identification of persons who are qualified to become directors, review and approve remuneration of the directors and key managerial personnel appointed under the Act, from time to time.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure 2".

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 and its future operations.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The company is committed to provide a safe and conducive work environment to its employees.

There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, retire as statutory auditors of the company in the ensuing Annual General Meeting and are eligible for reappointment.

SECRETARIAL AUDITORS

In accordance with the provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s. P. C. Dhamne & Associates, Company Secretaries, Pune to undertake the Secretarial Audit of the company. The Secretarial Audit Report is annexed herewith as "Annexure 3" and is self-explanatory.

ACKNOWLEDGEMENTS

Your directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by its employees, bankers, customers, strategic partners and all the stakeholders. Your directors look forward to their continued support in the future as well.

For and on behalf of the Board
Thermax Babcock & Wilcox Energy Solutions Private Limited

Place: Pune
Date: May 16, 2018

Meher Pudumjee
Chairperson

ANNEXURE - 1

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**

Initiatives at Works:

1. From Nov 2017 onwards, got reduction in Contract Demand from 2500KVA to 750KVA, resulted into direct savings of INR 2,01,301/- per month. (Rs. 24,15,612/- per annum).

2. Considering no load situation, shops were non-operational, HT supply transformers per shops were switched off resulting in to following savings:

   - Panel shop & Header shop Transformers switched off from June 2017 onwards.
   - Total load of Plant (Plot A2 & A3) is diverted on Section shop transformer.
   - Reduction in Kwh of 2880Kwh/month where average rate/unit is Rs. 9 resulting into savings of Rs. 25,372/- per month.

3. Considering no load situation, following actions were initiated to reduce Kwh of items/equipment/systems etc.

   - Switching off 2 sets of Automatic Power factor Controller Panel (APFCR) and kept on only for Section shop Transformer.
   - Shop lights and street lights are switched off, except during 07.00 pm to 06.00 am, for security purposes.
   - All high mast is on switch off mode.
   - Power supply of all machines /systems /equipment's is normally switched off except during warm up/trial running of machines. Warm up/trial runs are scheduled and strictly followed.
   - Warm up of machines with higher rated Kw is done in B zone in two slots, 06.00 am to 09.00am & 12.00 noon to 06.00 pm. In this zone there is no add on charge levied to us over standard rate of Rs.7.07/- per unit.

4. To achieve reduction in Kwh following actions were taken

   - Cooling blowers/fans/ Air conditioners/ cooling motors of machines are made automatically on/off during warm up trials.
   - Daily Schedule & check list is made for shift electricians to ensure that lights, AC, fans etc. are put off in entire premises.

5. DG set of 500Kva is in operation in manual mode to cater to total plant Electrical supply, in place of 1010Kva DG set which was automatic. This has optimized our diesel consumption.

B. **TECHNOLOGICAL ABSORPTION**

The interaction with B&W will continue for technology absorption till the first order for a supercritical boiler unit is executed by TBWES.

- **Expenditure on R&D**

  Not applicable at this stage.

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to foreign exchange earnings and outgo, under section 134(3) (m) of the Companies Act, 2013 is as follows:

Foreign exchange earned	USD 11.82 million equivalent to Rs 76.35 crore
Foreign exchange spent	USD 1.80 million (Rs. 11.62 crore)
	ECU 0.66 million (Rs. 4.98 crore)
	GBP 0.01 million (Rs. 0.04 crore)

For and on behalf of the Board
Thermax Babcock & Wilcox Energy Solutions Private Limited

Place: Pune
Date: May 16, 2018

Meher Pudumjee
Chairperson

ANNEXURE 2

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:

CIN	:	U29253MH2010PTC204890
Registration Date	:	26.06.2010
Name of the company	:	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.
Category / Sub-Category of the company	:	Private company / Limited by shares
Address of the Registered office and contact details	:	Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai-400 039
Whether listed company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers	25131	100%

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	Thermax Limited D-13, MIDC, Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299MH1980PLC022787	Holding	51	2(46)

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	-	-	-	-	-	-	-	-	-
b) Central Govt(s)	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	427191300	427191300	51	-	427191300	427191300	51	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	**-**	**427191300**	**427191300**	**51**	**-**	**427191300**	**427191300**	**51**	**0**
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	410438700	410438700	49	-	410438700	410438700	49	0
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**410438700**	**410438700**	**49**	**-**	**410438700**	**410438700**	**49**	**0**
Total shareholding of Promoter (A)= (A)(1)+(A) (2)	**-**	**837630000**	**837630000**	**100**	**-**	**837630000**	**837630000**	**100**	**0**

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**	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt(s)									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1)									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-------------------------------------NIL-------------------------------------								
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
- Directors Relative									
- Trusts									
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2)									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C) Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**-**	**837630000**	**837630000**	**100**	**-**	**837630000**	**837630000**	**100**	**0**

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	Thermax Limited	427191300	51	NIL	427191300	51	NIL	NIL
2	Babcock & Wilcox India Holdings Inc.	410438700	49	NIL	410438700	49	NIL	NIL
	TOTAL	**837630000**	**100**	**NIL**	**837630000**	**100**	**NIL**	**NIL**

iii. Change in Promoters' Shareholding:

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	No. of Shares	% of total Shares of the Company
	NIL				

iv. Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs): NIL

Sl. No	Name of the shareholder	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
-------------------------------------NIL-------------------------------------								

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No	Name of the shareholder	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
-------------------------------------NIL-------------------------------------								

V. INDEBTEDNESS

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

Amount in Rs. crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	-	
Change in indebtedness during the financial year	-			-
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Rs. in crore
	NIL	

B. Remuneration to other Director

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Suhas Tuljapurkar	Sundar Parthasarathy	
	Fee for attending board/ committee meetings	2,75,000	2,75,000	5,50,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total(1)	2,75,000	2,75,000	5,50,000

Sl. no.	Particulars of Remuneration								
2.	Other Non-Executive Directors/ Directors	Meher Pudumjee	M. S. Unnikrishnan	Ravinder Advani	Amitabha Mukhopadhyay	Mark Low	Cameron Frymyer	Mark Carano*	Christopher Jones
	Fee for attending board	---------------------NIL-------------------							
	Committee meetings								
	Commission								
	Others, please specify								
	Rent for Premises								
	Security Deposit for Lease Premises								
	Total(2)								
	Total(B)=(1+2)								
	Total Managerial (A+B) Remuneration								
	Over all Ceiling as per the Act								

*(Vacated office during the year)

C. Remuneration to key managerial personnel other than MD/Manager/Whole time Director

		Rs. in cr
Sr. No.	**Particulars of remuneration**	**Key Managerial Personnel**
I.	Ravinder Advani – CEO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Nil
b)	Value of perquisites u/s 17(2) of the Income taxAct,1961	
c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	
	- as% of profit	Nil
	- Others, specify	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Nil*
II.	Abhay Shah – CFO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Nil
b)	Value of perquisites u/s 17(2) of the Income tax Act,1961	Nil
c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	
	- as% of profit	Nil
	- Others, specify	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Nil*
III.	Kedar P. Phadke – Company Secretary	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Rs. 0.07
b)	Value of perquisites u/s 17(2) of the Income taxAct,1961	Nil
c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	
	- as% of profit	Nil
	- Others, specify	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Rs. 0.07#
IV.	Apurva Gupte – Company Secretary	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Rs. 0.0007
b)	Value of perquisites u/s 17(2) of the Income taxAct,1961	Nil
c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	
	- as% of profit	Nil
	- Others, specify	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Rs. 0.0007*
	***Appointed during the year**	
	#Resigned during the year	

VII. 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			---------------------NIL-------------------		
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board
Thermax Babcock & Wilcox Energy Solutions Private Limited

Place: Pune
Date: May 16, 2018

Meher Pudumjee
Chairperson

ANNEXURE - 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 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 BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba
Mumbai MH 400039 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Babcock & Wilcox Energy Solutions Private 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 the information provided by the Company, its officers, agents and authorized 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 31st March, 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 made available to us and maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under; ***(NOT APPLICABLE TO THE COMPANY)***

3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder; ***(NOT APPLICABLE TO THE COMPANY)***

4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 1992 ('SEBI Act'); ***(NOT APPLICABLE TO THE COMPANY)***

    (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; ***(NOT APPLICABLE TO THE COMPANY)***

    (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;***(NOT APPLICABLE TO THE COMPANY)***

    (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;***(NOT APPLICABLE TO THE COMPANY)***

    (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;***(NOT APPLICABLE TO THE COMPANY)***

    (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;***(NOT APPLICABLE TO THE COMPANY)***

    (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfers Agents) Regulations, 1993;***(NOT APPLICABLE TO THE COMPANY)***

    (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;***(NOT APPLICABLE TO THE COMPANY)***

    (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;***(NOT APPLICABLE TO THE COMPANY)***

6. Other laws specifically applicable to company have substantially complied with. We have also examined compliance with the applicable clauses of the following:

    (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

    (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***(NOT APPLICABLE TO THE COMPANY)***

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above except to the extent as mentioned below:

a. Company did not appointed Chief Financial Officer (CFO) from 21st October 2016 to 17th August 2017, Company Secretary (CS) from July 10, 2017 to March 28, 2018 and Chief Executive Officer(CEO) from 31st December 2016 to 17th August 2017 as required under Section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

b. The Company had not appoint one Independent Director from December 2, 2016 to May 23, 2017 as required under the Companies Act 2013.During absence of Independent Directors, the Audit Committee and Nomination and Remuneration committee was not duly constituted from December 2016 to May 23, 2017.

c. While appointing the statutory Auditor, the Company did not obtain the recommendation from Audit Committee.

d. The Company did not file Annual Return on Foreign Liabilities & Assets (FLA) under FEMA, 1999

    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 Director except as mentioned in point b above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions are carried through majority.

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

    There were no instances of:

1. Public/ Preferential issue of shares / debentures/sweat equity, etc.;
2. Redemption / buy-back of securities
3. Merger / amalgamation / reconstruction
4. Foreign technical collaborations

For, **P.C. Dhamne & Associates**
Company Secretaries

Pankaj C. Dhamne
Proprietor
Date: 16.05.2018
Place: Pune

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.

“ANNEXURE A”

(01/04/2017 TO 31/03/2018)

To,
The Members,
THERMAX BABCOCK & WILCOX ENERGY
SOLUTIONS PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the sample test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on sample test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **P.C. Dhamne & Associates**
Company Secretaries

Pankaj C. Dhamne
Proprietor
Date: 16.05.2018
Place: Pune

INDEPENDENT AUDITOR'S REPORT

To the Members of **Thermax Babcock & Wilcox Energy Solutions Private Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Thermax Babcock & Wilcox Energy Solutions Private 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 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 and 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 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 there under. We conducted our audit of the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act and Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) 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;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

   (g) 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 Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;

      ii. The Company has entered into long term derivative contracts during the year. The Company has no material foreseeable losses for which provision was required to be made under the applicable law or Accounting Standards on long-term contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Pune
Date: May 16, 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 Babcock & Wilcox Energy Solutions Private Limited** ('the Company')

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

(b) The Company has a rotational programme for verification of its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. A portion of fixed assets has been physically verified by the Company in previous year in accordance with the above mentioned program. No material discrepancies were identified and have been properly accounted for in the books of accounts.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in the Fixed Assets of the Company are held in the name of the Company.

(ii) According to the information and explanation given to us, the Company has conducted physical verification of inventory during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of accounts of the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(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) As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of activities carried on by the Company. 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 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and Goods and Service Tax (GST) have been generally regularly deposited with the appropriate authorities.

(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, value added tax, cess, Goods and Service Tax (GST) 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, there are no dues of income-tax, sales-tax, service tax or duty of custom or duty of excise, value added tax and Goods and Service Tax (GST) not deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company does not have any loans or borrowing to a financial institution, bank or government or dues to debenture holders hence, reporting under clause (viii) is not applicable to the Company and hence not commented upon..

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given by the management, the Company has not paid or provided any managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS 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 requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that 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 B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Pune
Date: May 16, 2018

Annexure 2 referred to in paragraph 2(f) 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')

To the Members of **Thermax Babcock & Wilcox Energy Solutions Private Limited.**

We have audited the internal financial controls over financial reporting of Thermax Babcock & Wilcox Energy Solutions Private Limited ('the Company') as of March 31, 2018 in conjunction with our audit of the Ind AS 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. 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Pune
Date: May 16, 2018

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Balance Sheet as at March 31, 2018

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

	Note No.	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	3	**314.89**	374.76
Intangible assets	4	**0.05**	10.96
Financial assets			
(a) Trade receivables	6 (a)	**-**	16.58
(b) Loans	7	**1.43**	2.19
(c) Other financial assets	8 (a)	**24.00**	24.00
Income tax assets (net)		**2.31**	2.10
Other non-current assets	10	**7.44**	25.43
Total non-current assets		**350.12**	456.02
II. Current assets			
Inventories	11	**3.64**	8.94
Financial assets			
(a) Investments	5	**15.54**	36.54
(b) Trade receivables	6 (b)	**47.05**	0.45
(c) Cash and cash equivalents	12	**3.98**	6.52
(d) Other financial assets	8 (b)	**16.52**	66.93
Other current assets	13	**29.82**	26.85
Total current assets		**116.55**	146.23
Total		**466.67**	602.25
III. Equity and liabilities			
Equity share capital	14	**837.63**	837.63
Other equity	15	**(469.24)**	(423.70)
		368.39	413.93
IV. Non-current liabilities			
Provisions	18 (a)	**13.61**	11.27
		13.61	11.27
V. Current liabilities			
Financial liabilities			
(a) Trade payables	16	**22.68**	35.07
(b) Other current financial liabilities	17	**0.23**	0.71
Other current liabilities	19	**25.26**	104.27
Provisions	18 (b)	**36.50**	37.00
		84.67	177.05
Total		**466.67**	602.25
Summary of significant accounting policies	2a		
Summary of significant accounting judgements, estimates and assumptions	2b		

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

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	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations			
Sale of Products		**139.90**	289.60
Sale of Services		**-**	0.19
Operating Income		**24.05**	15.86
Revenue from operations	20	**163.95**	305.65
Other income	21	**3.89**	8.04
Total Income (I)		**167.84**	313.69
Expenses			
Cost of raw materials and components consumed	22	**78.53**	114.73
Excise duty on sale of goods		**5.33**	33.39
Employee benefits expense	23	**20.24**	35.65
Finance cost	24	**1.00**	4.71
Depreciation, amortisation expense and impairment	25	**70.16**	175.12
Other Expenses	26	**34.21**	75.12
Total expenses (II)		**209.47**	438.72
Profit/ (Loss) before exceptional items and tax [(I) - (II)]		**(41.63)**	(125.03)
Profit/ (Loss) before tax (I-II)		**(41.63)**	(125.03)
Tax expense		**-**	-
Profit/ (Loss) for the year		**(41.63)**	(125.03)
Other comprehensive income			
A. Items that may be reclassified to profit or loss	28		
Net movement on Cash Flow Hedge (loss) / gain		**(4.12)**	(9.50)
Income tax effect		**-**	-
		(4.12)	(9.50)
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	28	**0.21**	(0.13)
Less: Income tax effect		**-**	-
		0.21	(0.13)
Total other comprehensive income for the year, net of tax.		**(3.91)**	(9.63)
Total comprehensive income for the year		**(45.54)**	(134.66)
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2017: 10/-)]			
Basic and Diluted	27	**(0.50)**	(1.60)
Summary of significant accounting policies	2a		
Summary of significant accounting judgements, estimates and assumptions	2b		

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

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd

Shirish Rahalkar
Partner
Membership No. 111212

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer
Place: Pune
Date: May 16, 2018

Apurva Gupte
Company Secretary
A37262

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd

Shirish Rahalkar
Partner
Membership No. 111212

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer
Place: Pune
Date: May 16, 2018

Apurva Gupte
Company Secretary
A37262

Cash flow statement for the year ended March 31, 2018

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

		Year Ended March 31, 2018	Year Ended March 31, 2017
A)	Cash flows from operating activities		
	Loss	**(41.63)**	(125.03)
	Adjustments to reconcile Loss to net cash flows		
	Depreciation, amortization and impairment	**70.16**	175.12
	Finance costs	**-**	3.70
	Loss on sale / discard of assets (net)	**0.02**	0.07
	Unwinding discount on provisions	**1.00**	0.93
	Interest/dividend income	**(3.55)**	(6.23)
	(Profit)/Loss on sale of investment	**-**	(0.01)
	Working capital adjustments		
	(Increase) / Decrease in Trade Receivables	**(30.02)**	(0.16)
	(Increase) / Decrease in Inventories	**5.30**	5.92
	(Increase) / Decrease in Other non-current financial assets	**0.76**	(0.05)
	(Increase) / Decrease in Other non-current assets	**17.99**	4.33
	(Increase) / Decrease in Other current financial assets	**46.29**	182.67
	(Increase) / Decrease in Other current assets	**(2.97)**	(15.17)
	Increase / (Decrease) in Trade Payables	**(12.39)**	(3.39)
	Increase / (Decrease) in Provisions	**1.82**	21.27
	Increase / (Decrease) in Other current financial liabilities	**(0.48)**	(443.11)
	Increase / (Decrease) in Other current liabilities	**(78.80)**	(298.82)
	Cash generated from operations	**(26.50)**	(497.96)
	Direct taxes paid (net of refunds received)	**(0.21)**	(0.37)
	Net cash inflow from operating activities	**(26.71)**	(498.33)
B)	**Cash flows from investing activities**		
	Purchase of Fixed Assets	**(0.08)**	(0.83)
	Proceeds from sale of Assets	**0.69**	0.11
	Proceeds from sale of Investments	**21.00**	21.85
	Interest/dividend received	**3.55**	8.09
	(Increase) / decrease in other current interest bearing deposit	**-**	30.00
	Net cash flows used in investing activities	**25.16**	59.22
C)	**Cash flows from financing activities**		
	Proceeds from issue of equity shares	**-**	352.63
	Interest paid	**(1.00)**	(3.70)
	Net cash flows used in financing activities	**(1.00)**	348.93
	Net increase / (decrease) in cash and cash equivalents	**(2.54)**	(90.18)
	Cash and cash equivalents at the beginning of the year	**6.52**	96.70
	Cash and cash equivalents at the end of the year	**3.98**	6.52

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

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 12)	**3.98**	6.52
Balances as per Cash flow statement	**3.98**	6.52

A Equity Share Capital

	Notes	March 31, 2018	March 31, 2017
Balance at the beginnning of the reporting period	14	837.63	485.00
Changes in equity shares capital during the year	14	-	352.63
Balance at the end of the reporting period	14	837.63	837.63

B Other Equity

	Reserves & Surplus		Items of OCI	Total Equity
	Retained Earnings	Total	Effective portion of cash flow hedge	
As at April 1, 2016	**(303.70)**	**(303.70)**	**14.66**	**(289.04)**
Profit / (Loss) for the year	(125.03)	(125.03)	-	(125.03)
Other Comprehensive Income	(0.13)	(0.13)	(9.50)	(9.63)
As at March 31, 2017	**(428.86)**	**(428.86)**	**5.16**	**(423.70)**
Profit / (Loss) for the year	(41.63)	(41.63)	-	(41.63)
Other Comprehensive Income	0.21	0.21	(4.12)	(3.91)
Total comprehensive income	**(41.42)**	**(41.42)**	**(4.12)**	**(469.24)**
As at March 31, 2018	**(470.28)**	**(470.28)**	**1.04**	**(469.24)**

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd

Shirish Rahalkar
Partner
Membership No. 111212

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer
Place: Pune
Date: May 16, 2018

Apurva Gupte
Company Secretary
A37262

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd

Shirish Rahalkar
Partner
Membership No. 111212

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer
Place: Pune
Date: May 16, 2018

Apurva Gupte
Company Secretary
A37262

1. **Corporate information**

Thermax Babcock & Wilcox Energy Solutions Private Limited (the "Company") is a Company domiciled in India. It is a joint venture between Thermax Limited, Pune, India and Babcock & Wilcox India Holdings Inc; USA. The Company is engaged in designing, engineering, fabrication, supply, erection, commissioning of subcritical and supercritical boilers. The Company caters to both domestic and international markets.

The address of its registered office is Dhanraj Mahal, 2nd Floor, Chhatrapati Shivajimaharaj Marg, Near Regal Cinema, Colaba, Mumbai 4000 001, India. These financial statements are authorized for issue by the Board of Directors on May 16, 2018. The CIN of the Company is U29253MH2010PTC204890.

2. **Significant accounting policies, judgments, estimates & assumptions**

2a. Significant accounting policies

2a.1.Basis of preparation, measurement and transition to Ind AS

(a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the Securities and Exchange Board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules,2016.

The preparation of the 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes.

(b) Basis of measurement

The 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)
- 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.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores except when otherwise indicated.

2a.2 Summary of significant accounting policies

a. **Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. **Foreign currencies**

The Company's 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.

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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have

Notes to the Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rupees Crores, unless otherwise stated)

occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial 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 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 no. 2b)
- Quantitative disclosures of fair value measurement hierarchy (Note no.34)
- Financial instruments (including those carried at amortized cost) (Note no.34)

d. **Property, Plant and Equipment**

The cost of an item of Property, Plant and Equipment ('PPE') is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE are initially recognized at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance costs are recognized in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains of losses arising from de-recognition of PPE 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 PPE is derecognized.

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 95 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 which differ from life prescribed under schedule II of Companies Act 2013:

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Plant and equipment	10 to 25	15 to 20
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	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.

e. **Intangible assets**

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

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

Asset category	Life (years)
Technical know how	10
Computer software	3

f. **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. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, consumables, tools, stores and spares is arrived at on the basis of weighted average cost.

Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

g. **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 made. 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.

Revenue is inclusive of excise duty. This is included for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. As the recovery of excise duty flows to the Company on its own account, the revenue includes excise duty. However, sales tax/ value added tax (VAT)/Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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 normal warranty provisions for general repairs for 18 months on all 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 billing basis.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The Company collects service tax / Good and Services Tax (GST) 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 recognized 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 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, 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 improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

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

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

h. **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

Initial Recognition and measurement

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

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 de-recognition 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.

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.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

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

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 on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances
(b) Lease receivables under Ind AS 17
(c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements and Ind AS 18)
(d) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss 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 loss allowance based on 12-month ECL.

ECL impairment loss 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 P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost, contract assets and lease receivables:** 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.

  For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

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

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to the Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss. The Company has not designated any financial liability as at fair value through 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 recognition 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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines changes in the business model as result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to the operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

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.

i. **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 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 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, hedge ratio 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 a hedging instrument is recognized in the Statement of profit and loss as finance costs. 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.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of profit and loss.

(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 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.

j. **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.

k. **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 equal amounts 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 is fulfilled.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

l. **Share capital**

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

m. **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 outside profit or loss (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 liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 utilized. 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 when the asset is realized 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.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

n. **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.

o. **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 (see note 2.1.n).

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.

p. **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.

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.

q. **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 cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. 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.

r. **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

s. **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 Chief Operating Officer as the chief executive decision maker of the Company. Refer note 33 for segment information presented.

t. **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.

u. **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). The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

v. **Standards issued but not yet effective**

IND-AS 115 - Revenue recognition
In March 2018, the MCA issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying IND AS 115 - Revenue from Contracts with Customers. The amendment is applicable from 1 April, 2018 and may impact certain aspects of revenue recognition by the Company. The Company is in the process of evaluating the impact of Ind AS 115 and the same will be given effect to from the subsequent financial year.

2b. Significant accounting judgments, estimates and assumptions

The preparation of the Company's 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.

2b.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 of assets which are 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. Segment reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in 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.

The Company has determined that the CODM is the Chief Executive Officer, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Board of Directors to assess performance and allocate resources. The Company is operating in a single business segment, viz Energy.

2b.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 recognize.

- 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 recognizes 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

- Onerous contract provisions: 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. Rs 35.82 was outstanding at 31 March 2018 (March 31, 2017: Rs.35.82)

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 assets has been impaired based on determination of fair value of such assets less cost to sale. The fair valuation was assessed by Management and supported by a separate valuation report. Refer note 33 for listing of impairment of each class of asset.

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 most subject 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 31.

iv. Warranty provision

The Company generally offers 24 to 36 months warranties for its 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. As at March 31, 2018, this particular provision had a carrying amount of Rs.12.09 (March 31, 2017 Rs. 9.33).

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

The Company determines 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.

vi. 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.

See Note 9 for further information on potential tax benefits for which no deferred tax asset is recognized.

Notes attached to and forming part of the financial statements

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

3 Property, plant and equipment

	Land - leasehold	Buildings	Plant and equipment	Office Equipments	Computers	Furniture and fixtures	Vehicles	Total	Capital Work In Progress
Deemed Cost									
At 1 April 2016	43.43	257.15	270.18	4.17	1.58	0.85	1.67	579.03	0.23
Additions	1.02**	0.08	0.72	0.08	0.08	0.08	-	2.06	-
Disposals	-	-	(0.00)	-	-	-	(0.38)	(0.38)	(0.23)
At 31 March 2017	44.45	257.23	270.90	4.25	1.66	0.93	1.29	580.71	-
Additions	-	-	0.11	-	-	-	-	0.11	-
Disposals/Adjustments	-	-	(0.39)	-	(0.35)	(0.02)	(0.09)	(0.85)	0.00
At 31 March 2018	44.45	257.23	270.62	4.25	1.31	0.91	1.20	579.97	-
Depreciation & Impairment									
At 1 April 2016	0.29	8.16	30.83	0.06	0.15	0.06	0.16	39.71	-
Charge for the year	0.43	8.44	30.65	0.19	0.44	0.07	0.27	40.49	-
Impairment loss*	-	53.01	71.61	0.77	0.21	0.16	0.20	125.96	-
Disposals	-	-	-	-	-	-	(0.20)	(0.20)	-
At 31 March 2017	0.72	69.61	133.09	1.02	0.80	0.29	0.43	205.96	-
Charge for the year	0.44	6.48	11.19	0.25	0.22	0.05	0.11	18.75	-
Impairment loss*	-	-	37.42	1.91	0.32	0.38	0.48	40.51	-
Disposals/Adjustments	-	-	(0.03)	-	(0.09)	(0.00)	(0.02)	(0.14)	-
At 31 March 2018	1.16	76.09	181.67	3.18	1.25	0.72	1.01	265.08	-
Net Block									
At 31 March 2017	43.73	187.62	137.81	3.23	0.86	0.65	0.86	374.76	-
At 31 March 2018	43.29	181.14	88.95	1.07	0.05	0.20	0.19	314.89	-

*Refer Note 38

** Capitalisation of decommissioning liabilty as per IND AS 16 'Property Plant & Equipment' in relation to lease hold land.

4 Intangible Assets

	Computer software	Technical know-how	Total
Deemed Cost			
At 1 April 2016	**2.46**	**22.33**	**24.79**
Additions	-	-	-
Disposals	-	-	-
At 31 March 2017	**2.46**	**22.33**	**24.79**
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	**2.46**	**22.33**	**24.79**
Amortization			
At 1 April 2016	**1.52**	**3.73**	**5.25**
Charge for the year	0.53	3.75	4.28
Impairment loss*	0.08	4.23	4.31
Disposals	-	-	-
At 31 March 2017	**2.13**	**11.71**	**13.84**
Charge for the year	0.19	1.95	2.13
Impairment loss*	0.09	8.68	8.77
Disposals	**-**	**-**	**-**
At 31 March 2018	**2.41**	**22.33**	**24.74**
Net Block			
At 31 March 2017	**0.33**	**10.63**	**10.96**
At 31 March 2018	**0.05**	**-**	**0.05**

*Refer Note 38

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

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

5 Current Investments

	Face value per share	Number of shares		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 (quoted)					
Birla Sun Life Floating Rate Short Term Plan- Daily Dividend-Drect Plan-Reinvested	100.00	364,107	-	8.45	-
DSP Blackrock	1,000.00	-	140,815	-	14.09
ICICI Prudential Money Market -Daily Dividend Reinvestment	10.00	128,327	517,880	3.09	5.19
Kotak Liquid Scheme	1,000.00	2,844	170,675	1.00	17.26
SBI Magnum Insta Cash Fund	1,000.00	7,821	-	3.00	-
Total Current Investments	-	-	-	15.54	36.54
Aggregate amount of quoted investments and market value thereof	-	-	-	15.54	36.54
Aggregate amount of unquoted investments	-	-	-	-	-
Aggregate amount of impairment in the value of investments	-	-	-	-	-

6 (a) Non current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Receivables from related parties (note 32)	-	16.58
Total receivables	-	16.58
Break-up of security details		
Unsecured, considered good	-	16.58
Total	-	16.58

6 (b) Current trade receivable

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Receivables from related parties (note 32)	**46.68**	0.45
Others	**0.37**	-
Total receivables	**47.05**	0.45
Break-up of security details		
Unsecured, considered good	**47.05**	0.45
Total	**47.05**	0.45

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 receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7 Non-current loans

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Unsecured, considered good		
Security deposits	**1.43**	2.19
Total	**1.43**	2.19

8 (a) Other non current financial assets

	As at March 31, 2018	As at March 31, 2017
At Amortized Cost		
Bank deposits with orginal maturity of more than 12 months	**24.00**	24.00
Total	**24.00**	24.00

8 (b) Other current financial assets

	As at March 31, 2018	As at March 31, 2017
a) Fair value through other comprehensive income		
Derivative instruments - Foreign Exchange Forward Contracts (Gain)	**5.26**	5.85
b) At amortized cost		
Interest accrued on fixed deposits.	**0.20**	0.20
Unbilled revenue	**-**	47.55
Export incentive receivable	**11.06**	12.11
c) Others	**-**	1.22
Total	**16.52**	66.93

9 Deferred Tax

Deferred tax assets have not been recognized because of uncertainity relating to availability of future taxable profits against which they can be realised.

10 Other non current assets

	As at March 31, 2018	As at March 31, 2017
Sales Tax Recoverable	**7.44**	17.49
Balances with government authorities	**-**	7.94
Total	**7.44**	25.43

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

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

There were no advances due by directors or other 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 any director is a partner or a member

11 Inventories

	As at March 31, 2018	As at March 31, 2017
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	**3.64**	8.94
[includes goods in transit during the year ended March 31, 2018 Rs. 0.68 Crs (March 31, 2017 Rs. 0.51 Crs)]		
Total	**3.64**	8.94

12 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Cash and cash equivalents		
Balances with banks		
- in current accounts	**3.98**	6.52
Total	**3.98**	6.52

13 Other current assets

	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Advance to supplier	**9.67**	7.01
Advances to Staff and Workers	**0.05**	0.03
Prepaid employee benefits (note 31)	**0.46**	-
Sales Tax Recoverable	**4.94**	-
Prepaid Expenses	**1.10**	1.46
Balances with government authorities	**13.60**	18.35
Total	**29.82**	26.85

There were no advances due by directors or other 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 any director is a partner or a member

Break-up of financial assets carried at any amortised cost

	As at March 31, 2018	As at March 31, 2017
Trade receivables	**47.05**	17.03
Loans	**1.43**	2.19
Other financial assets	**35.26**	85.08
Cash and cash equivalents (note12)	**3.98**	6.52
Total	**87.72**	110.82
Current assets	**83.08**	110.44
Non-current assets	**25.43**	42.77
Total	**108.51**	153.21

Break-up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	As at March 31, 2017
Investments	**15.54**	36.54
Total	**15.54**	36.54
Current assets	**15.54**	36.54
Non-current assets	**-**	-
Total	**15.54**	36.54

Break-up of financial assets carried at fair value through other comprehensive income

	As at March 31, 2018	As at March 31, 2017
Derivative instruments - Foreign Exchange Forward Contracts	**5.26**	5.85
Total	**5.26**	5.85
Current assets	**5.26**	5.85
Non-current assets	**-**	-
Total	**5.26**	5.85

14 Share capital

	As at March 31, 2018	As at March 31, 2017
Authorized shares (Nos)		
1000,000,000 (March 31, 2017: 1000,000,000) equity shares of Rs. 10/- each	**1,000.00**	1,000.00
	1,000.00	1,000.00
Issued, subscribed and fully paid share capital (Nos)		
837,630,000 (March 31, 2017: 837,630,000) equity shares of Rs. 10/- each	**837.63**	837.63
Total issued, subscribed and fully paid-up share capital	**837.63**	837.63

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

	No. of shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
At March 31, 2017	**837,630,000**	837.63
Changes during the period	**-**	-
At March 31, 2018	**837,630,000**	837.63

(b) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	Thermax Limited	Babcock & Wilcox India Holdings Inc. USA
As at March 31, 2018		
%	**51**	49
No. of shares	**427,191,300**	410,438,700
As at March 31, 2017		
%	**51**	49
No. of shares	**427,191,300**	410,438,700

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.

15 Other equity

	As at March 31, 2018	As at March 31, 2017
Reserves and surplus		
Retained earnings		
Opening balance	**(428.86)**	(303.70)

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

Add: Profit / (Loss)for the year	**(41.63)**	(125.03)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations, net of tax [Rs. Nil (March 31, 2017 Rs. Nil)]	**0.21**	(0.13)
Net surplus in the statement of profit and loss	**(470.28)**	(428.86)
Total Reserves and Surplus	**(470.28)**	(428.86)
Other Reserves		
Cash flow hedge reserve		
Opening balance	**5.16**	14.66
Add/ (Less) : Movement during the year	**(4.12)**	(9.50)
Closing balance	**1.04**	5.16
Total	**(469.24)**	(423.70)

Nature and purpose of reserves

Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory puchases. For hedging foreign currency risk, the Company uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (e.g. sales).

16 Current trade payables

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	**0.33**	0.16
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (note 32)	**4.29**	4.59
(ii) Others	**18.06**	30.32
Total	**22.68**	35.07

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	**0.33**	0.16
Interest due thereon	**0.02**	0.01
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	**-**	-
The amount of payment made to the supplier beyond the appointed day during the year	**-**	-
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	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.02**	0.01
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	**-**	-

17 Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
At amortized cost		
Employee related payables	**0.23**	0.70
Derivative instruments - Foreign Exchange Forward Contracts (Loss)	**-**	0.01
Total	**0.23**	0.71

18 (a) Non-current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for Gratuity & Superannuation	**0.12**	0.65
Provision for warranties	**12.09**	9.33
Provision for decommissioning liability	**1.40**	1.29
Total	**13.61**	11.27

18 (b) Current provisions

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for leave encashment	**0.68**	1.18
	0.68	1.18
Other provisions		
Provision for onerous contracts	**35.82**	35.82
	35.82	35.82
Total	**36.50**	37.00

Movement in provisions

	Provision for onerous contracts	**Provision for warranties**	**Provision for Decommissioning Liability**
As at April 1, 2017			
Balance at the beginning	35.82	9.33	1.29
Additional provision recognised	-	2.76	0.11
As at March 31, 2018	**35.82**	**12.09**	**1.40**

19 Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned revenue	**16.38**	30.16
Customer advance	**0.13**	66.70
Statutory dues and other liabilities*	**8.75**	7.41
Total	**25.26**	104.27

* includes custom duty payable, tax deducted at source, provident fund, ESIC, etc.

Notes to 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
Trade payable	**22.68**	35.07
Employee related payables	**0.23**	0.70
Other liabilities (Borrowings)	**-**	0.01
	22.91	35.78
Current liabilities	**22.91**	35.78
Non current liabilities	**-**	-
	22.91	35.78

20 Revenue from operations (net)

	March 31, 2018	March 31, 2017
Sale of products and services		
Sale of products (inclusive of excise duty)	**139.90**	289.60
Sale of services	**-**	0.19
Other operating revenue		
Export incentives	**8.69**	15.53
Sale of scrap	**0.83**	0.33
Exchange fluctuation gain (net)	**14.53**	-
Total	**24.05**	15.86
Revenue from operations (net)	**163.95**	305.65

Sale of products includes excise duty levied of Rs.5.33 Crs (March 31, 2017 Rs. 33.33Crs)

21 Other income

	March 31, 2018	March 31, 2017
Dividend income from mutual fund investments designated at FVPL		
Current investment	**1.22**	2.51
Net gain on sale of current investments designated at FVPL	**-**	0.01
Miscellaneous income	**0.34**	1.80
Finance income		
Interest income from financial assets at amortised cost		
Bank deposits	**2.04**	3.72
Others	**0.29**	-
Total	**3.89**	8.04

22 Cost of raw material and components consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	**8.94**	14.86
Add: Purchases	**73.23**	108.81
	82.17	123.67
Inventories at the end of the year	**3.64**	8.94
Total	**78.53**	114.73

23 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	**19.08**	32.94
Contribution to provident and other funds	**0.81**	1.47
Gratuity expense (note 31)	**(0.58)**	0.30
Staff welfare expenses	**0.93**	0.94
	20.24	35.65

24 Finance costs

	March 31, 2018	March 31, 2017
Interest expense	**-**	3.69
Unwinding of discounts	**1.00**	1.02
	1.00	4.71

25 Depreciation and amortization expense

	March 31, 2018	March 31, 2017
Depreciation of tangible assets (note 3)	**18.75**	40.57
Amortization of intangible assets (note 4)	**2.13**	4.28
Impairment loss (note 38)	**49.28**	130.27
	70.16	175.12

26 (a) Other expenses

	March 31, 2018	March 31, 2017
Consumption of stores and spare parts	**2.40**	4.99
Power and fuel	**1.93**	3.94
Freight and forwarding charges (net)	**6.83**	15.92
Site expenses and Contract labour charges	**6.47**	19.95
Interest on MEMED Vendor balances	**0.02**	0.01
Drawing, design and technical service charges	**0.58**	0.70
Advertisement and sales promotion	**1.68**	0.03
Rent	**2.59**	3.79
Rates and taxes	**1.19**	1.04
Insurance	**0.68**	0.64
Repairs and maintenance		
Plant and machinery	**0.16**	0.23
Buildings	**0.51**	1.21
Others	**1.13**	1.28
Travelling and conveyance	**1.45**	2.10
Legal and professional fees	**2.81**	6.31
Audit Fees (note 26 (b))	**0.09**	0.09
Director sitting fees	**0.05**	0.05
Exchange fluctuation loss	**-**	6.91
Warranty expenses (net)	**1.87**	3.46
Loss on sale / discard of assets (net)	**0.02**	0.07
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	**1.75**	2.40
	34.21	75.12

26 (b) Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit and limited review fee	**0.07**	0.07
Tax audit fee	**0.02**	0.02
Total	**0.09**	0.09

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

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

27 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	**(41.63)**	(125.03)
Weighted average number of Equity shares of Rs.10/- each	**837,630,000**	779,663,425
Basic & Diluted EPS	**(0.50)**	(1.60)

28 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

	Cash flow hedge reserve	Retained Earnings	Total
Currency forward contracts gains / (losses)	(4.12)	-	(4.12)
Re-measurement gains / (losses) on defined benefit plans	-	0.21	0.21
Total	(4.12)	0.21	(3.91)

During the year ended March 31, 2017

	Cash flow hedge reserve	Retained Earnings	Total
Currency forward contracts gains / (losses)	(9.50)	-	(9.50)
Re-measurement gains (losses) on defined benefit plans	-	(0.13)	(0.13)
Total	(9.50)	(0.13)	(9.63)

29 Construction contracts

	As at March 31, 2018	As at March 31, 2017
Contract Revenue recognised during the year	**139.90**	289.60
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**703.33**	570.22

	March 31, 2018	March 31, 2017
Customer advance outstanding for contracts in progress (Refer note 19)	**0.13**	66.70
Gross amount due from customers [disclosed as unbilled revenue (Refer note 8 (b))]	**-**	47.55
Gross amount due to customers [disclosed as unearned revenue (Refer note 19)	**16.38**	30.16

30 Contingent Liabilities and commitments

A Contingent liabilities

Particulars	**March 31, 2018**	March 31, 2017
Income Tax demand (refer note i below)	**Nil**	Nil
Liability for export obligations	**2.05**	2.05

i Income tax

The Company has received an assessment order u/s 143(3) r.w.s. 144C(1) of Income Tax Act, 1961, for AY 2011-12 adding back arm's length adjustment of Rs 8.66 Crores pursuant to directions of Hon'able DRP. The assessing officer has also disallowed Rs 0.08 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 8.74 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). The Company has filed an appeal in ITAT against the said order. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2012-13 adding back arm's length adjustment of Rs 11.61 Crores. The assessing Officer has also disallowed Rs 0.11 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 11.73 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). The Company has filed an appeal with CIT(A) against the said order. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2013-14 adding back arm's length adjustment of Rs 5.46 Crores. The assessing Officer has also disallowed Rs 0.14 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 5.60 Crores. The Assessing Officer has not considered the TCS credit and errorenously raised demand u/s 156 of Rs. 0.01 Crores. The Company has filed Appeal with CIT(A) against the said order. The Company has aslo submitted rectification request for dropping erroneous demand of Rs. 0.01 Crores. As per AO, since there is apparent error paying demand is not mandatory. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2014-15 adding back arm's length adjustment of Rs 4.42 Crores. The assessing Officer has also disallowed bidding expenditure on projects of Rs 12.70 Crs, legal & professional expenditure on project bidding of Rs. 1.32 Cr and exchange loss of Rs. 0.11 Cr. The adjustment and disallowance has resulted in reduction in accumulated losses by Rs. 18.55 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

B Capital and other commitment

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. Nil (March 31, 2017 Rs. Nil)

b) Lease commitments

i. Operating lease: Company as lessee

The Company has taken 2 office premises on operating lease, of which one was vacated on September 30, 2017. The tenure of such leases ranges from 5 to 6 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.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

	March 31, 2018	**March 31, 2017**
Lease payments for the year	2.34	2.49
Within one year	2.41	2.49
After one year but not more than five years	3.36	6.66
More than five years	Nil	Nil

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

31 Employee Benefit Obligations

A 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 @ 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.

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	**2.76**	**(2.07)**	**0.69**
Current service cost	0.28	-	**0.28**
Interest expense/(income)	0.19	(0.17)	**0.02**
Total amount recognised in Profit or Loss	**0.47**	**(0.17)**	**0.30**
Return on plan assets expense/(income)	0.19	(0.05)	**0.13**
Total amount recognised in Other Comprehensive Income	**0.19**	**(0.05)**	**0.13**
Employer contributions	-	(0.83)	**(0.83)**
Benefits paid	(0.66)	0.66	-
March 31, 2017	**2.76**	**(2.46)**	**0.30**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**2.76**	**(2.46)**	**0.29**
Current service cost	**0.11**	-	**0.11**
Interest expense/(income)	0.13	(0.15)	**(0.02)**
Total amount recognised in Profit or Loss	**0.24**	**(0.15)**	**0.09**
Return on plan assets expense/(income)	**(0.21)**	-	**(0.21)**
Total amount recognised in Other Comprehensive Income	**(0.21)**	**0.00**	**(0.21)**
Acquisition adjustments	(0.63)	-	**(0.63)**
Employer contributions	-	(0.01)	**(0.01)**
Benefits paid	(1.11)	1.11	**-**
March 31, 2018	**1.05**	**(1.52)**	**(0.46)**

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

Particulars	March 31, 2018	March 31, 2017
Present value of funded obligation	1.05	2.76
Fair value of plan assets	1.52	2.46
Deficit of funded plan	(0.46)	0.30

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.80%	7.00%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7%	8%
Normal retirement age	60 Years	60 Years
Mortality table	2006-08 Ultimate	2006-08 Ultimate
Employee turnover	10%	10%

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	**March 31, 2017**
Discount rate		
1.00% increase	(0.04)	(0.10)
1.00% decrease	0.05	0.19
Future salary increase		
1.00% increase	0.04	0.17
1.00% decrease	(0.03)	(0.08)
Attrition Rate		
1.00% increase	-	NA
1.00% decrease	-	NA

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 charge compared to the perior period.

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	**0.09**	0.42
Between 2-5 years	**0.58**	1.81
Between 5-10 years	**0.73**	2.19

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.06 years (March 31, 2017: 8.32 years)

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%

VI Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility : All plan assets are maintained in a trust managed by a public sector insurer viz. LIC of India has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings.

Future salary increase and inflation risk: Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

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

Asset-Liability mismatch risk: Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

B Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 0.78 Crs (March 31, 2017 Rs. 1.31 Crs)

32 A Related party disclosures

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2018	March 31, 2017
A	**Shareholders**			
	Thermax Limited	India	51%	51%
	Babcock & Wilcox India Holdings, Inc.	USA	49%	49%
B	**Associate Companies**			
1	Thermax Onsite Energy Solutions Ltd	India	NA	NA
2	Thermax Instrumentation Ltd.	India	NA	NA
3	Thermax Engineering Construction Company Ltd.	India	NA	NA
4	Thermax Sustainable Energy Solutions Ltd.	India	NA	NA
5	Thermax International Ltd.	Mauritius	NA	NA
6	Thermax Europe Ltd.	United Kingdom	NA	NA
7	Thermax Inc.	USA	NA	NA
8	Thermax do Brasil Energia eEquipamentos Ltda	Brazil	NA	NA
9	Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.	China	NA	NA
10	Thermax Netherlands BV.	Netherlands	NA	NA
11	Thermax Denmark ApS	Denmark	NA	NA
12	Danstoker A/S	Denmark	NA	NA
13	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	NA	NA
14	Boilerworks A/S	Denmark	NA	NA
15	Boilerworks Properties ApS Industrivej	Denmark	NA	NA
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	NA	NA
17	Thermax SDN.BHD	Malaysia	NA	NA
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	NA	NA
19	PT Thermax International	Indonesia	NA	NA
20	Thermax Senegal S.A.R.L	Senegal	NA	NA
21	First Energy Private Limited	India	NA	NA
22	Thermax Hongkong Ltd (Hongkong)	Hongkong	NA	NA
23	Thermax Nigeria Ltd	Nigeria	NA	NA
24	Thermax Energy & Environment Philippines Corporation	Philippines	NA	NA
25	Thermax Energy & Environment Lanka (Private) Limited	Sri Lanka	NA	NA
26	Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia	Poland	NA	NA
27	Thermax Foundation	India	NA	NA
28	Thermax SPX Energy Technologies Ltd	India	NA	NA
29	Babcock & Wilcox Enterprise, Inc.	USA	NA	NA
30	Babcock & Wilcox Company	USA	NA	NA
31	Babcock & Wilcox Volund.	USA	NA	NA

B Key Management Personnel:

1 Mrs. Meher Pudumjee - Non Executive Director & Chairperson
2 Mr. Ravindra Advani - Non Executive Director & CEO (CEO From August 18, 2017)
3 Mr. M S Unnikrishnan - Non Executive Director
4 Mr. Amitabha Mukhopadhyay - Non Executive Director
5 Mr. Christopher Jones - Non Executive Director
6 Mr. Mark Low - Non Executive Director
7 Mr. Cameron Frymyer - Non Executive Director
8 Mr. Suhas Tuljapurkar - Independent Director
9 Mr. S Parthasarathy - Independent Director (from May 24, 2017)
10 Mr. Abhay Shah - Chief Financial Officer (from August 18, 2017)
11 Mr. Kedar P. Phadke – Company Secretary(Upto July 9, 2017)
12 Ms. Apurva Gupte - Company Secretary (from March 26, 2018)

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

Transactions with Related parties:

Particulars		March 31, 2018 (March 31, 2017)					
	Thermax Limited	**Thermax SPX Energy Technologies Ltd.**	**Babcock & Wilcox India Holdings Inc**	**Babcock & Wilcox Company**	**Babcock & Wilcox Volund**	**Key Management Personnel**	**Total**
Equity Infusion/Share Application Money	-	-	-	-	-	-	-
	(179.84)	-	(172.79)	-	-	-	(352.63)
Sale*	1.69	0.02	-	168.29	-	-	170.00
	-	-	-	(479.46)	-	-	(479.46)
Services / Job work done	-	-	-	-	-	-	-
	-	-	-	(0.19)	-	-	(0.19)
Recovery of Personnel cost & other expenses	0.33	-	-	0.10	-	-	0.43
	(0.22)	-	-	(0.32)	-	-	(0.54)
Purchase	0.01	-	-	-	-	-	0.01
	(0.11)	-	-	-	-	-	(0.11)
Consultancy services obtained	-	-	-	-	-	-	-
	-	-	-	(0.29)	-	-	(0.29)
Provision for rework charges on site	-	-	-	-	-	-	-
	-	-	-	(4.19)	(13.82)	-	(18.02)
Reimbursement of Personnel Cost & Other Expenses	0.07	-	-	1.91	-	0.07	2.05
	(0.30)	-	-	(1.63)	-	(2.43)**	(4.36)
Director Sitting Fees	-	-	-	-	-	0.05	0.05
	-	-	-	-	-	(0.05)	(0.05)

* sales to related party are reported on 'billed' basis

**includes Rs. Nil (March 31, 2017 : Rs. 1.78 Crores) as reimbursement of employee cost to a related party.

Balances at the year end

Particulars		March 31, 2018 (March 31, 2017)					
	Thermax Limited	**Thermax SPX Energy Technologies Ltd.**	**Babcock & Wilcox India Holdings Inc**	**Babcock & Wilcox Company**	**Babcock & Wilcox Volund**	**Key Management Personnel**	**Total**
Advances outstanding	-	-	-	-	-	-	-
	-	-	-	(66.70)	-	-	(66.70)
Trade Receivables outstanding	1.63	-	-	26.53	18.52	-	46.68
	(0.19)	-	-	(0.26)	(16.58)	-	(17.03)
Trade Payables outstanding	0.07	-	-	4.22	-	-	4.29
	(0.30)	-	-	(4.29)	-	-	(4.59)

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

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

33 Segment reporting

The Company's portfolio includes subcritical and supercritical boilers and related services. The CEO of the Company, Mr. Ravinder Advani, has been identified as the chief operating decision maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the CEO; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The CEO evaluates the segments based on their revenue and operating results.

Based on the guiding principles given in the Ind AS 108 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment, viz Energy.

The CODM evaluates performance based on the revenues and operating profit for the segment- Energy.

I) Secondary segment information:

Particulars	**March 31, 2018**	March 31, 2017
Revenue		
India	**0.03**	-
North America	**139.87**	289.76
Europe	**-**	0.03
Total Revenue	**139.90**	**289.79**
Carrying Amount of Segment Assets		
India	**466.67**	602.25
Total Asset	**466.67**	**602.25**
Addition to Fixed assets		
India	**0.11**	2.06
Total Addition to Fixed assets	**0.11**	**2.06**

Impairment of Assets as at 31st March ,2018

Particulars	**India**	**Total Impairment Loss**
Plant and equipment	**37.42**	**37.42**
Office Equipments	**1.91**	**1.91**
Computers	**0.32**	**0.32**
Furniture and fixtures	**0.38**	**0.38**
Vehicles	**0.48**	**0.48**
Computer software	**0.09**	**0.09**
Technical know-how	**8.68**	**8.68**
Total	**49.28**	**49.28**

34 Fair value measurements
Financial instruments by category

	Carrying value		**Fair value**	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Financial assets Investments				
Mutual funds	15.54	36.54	15.54	36.54
Trade receivables	47.05	17.03	47.05	17.03
Loans	1.43	2.19	1.43	2.19
Cash and bank balances	3.98	6.52	3.98	6.52
Derivative financial assets	5.26	5.85	5.26	5.85
Other financial assets	35.26	85.08	35.26	85.08
Total financial assets	**108.51**	**153.21**	**108.51**	**153.21**
Financial liabilities				
Trade payables	22.68	35.07	22.68	35.07
Other financial liabilities	0.23	0.71	0.23	0.71
Total financial liabilities	**22.91**	**35.78**	**22.91**	**35.78**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i The fair values of mutual funds are based on price quotations at the reporting date. The fair value of other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

ii The Company enters into derivative financial instruments with banks. Foreign exchange forward contracts are valued based on Mark To Market provided by Bank's counterpart.

i) 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				
Mutual funds	31 March 2018	-	15.54	-
Derivative financial assets	31 March 2018	-	5.26	-

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				
Mutual funds	31 March 2017	-	36.54	-
Derivative financial assets	31 March 2017	-	5.85	-

35 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables, loans and borrowings and financial guarantee contracts. 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.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Audit Committee oversees the risk identification and management of these risks. The Company's Audit Committee advises on financial risks and the appropriate financial risk governance framework for the Company.

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

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

The Risk Management Council provides assurance to the Company's Audit Committee that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Company's Treasury team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

I Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31,2018 and March 31, 2017 including the effect of hedge accounting

a Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by 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 and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. 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. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in exchange rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018			
	1% Increase	0.21	0.21
	1% Decrease	(0.21)	(0.21)
March 31, 2017			
	1% Increase	(0.13)	(0.13)
	1% Decrease	0.13	0.13

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 from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties 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 has maintained deposits of surplus fund with reputed nationalised bank-State Bank of India, and as such there is no credit risk on this account.

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. Management monitors rolling forecasts of the company's liquidity position 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	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	-	22.68	-	-	-
Other financial liabilities					
Other payables	-	0.23	-	-	-

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	-	35.07	-	-	-
Other financial liabilities					
Other payables	-	0.71	-	-	-

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

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

36 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 orders in hand (after excluding the advances received) in US Dollar and Euro and actual purchase order raised in US Dollar and Euro. These transactions comprise about 48% of the Company's orders in hand (after excluding the advances received) in US Dollar and Euro about 51% of its total purcahse order raised in US Dollar and Euro. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

	March 31, 2018		March 31, 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Fair Value of Foreign exchange forward contracts designated as hedging instruments	5.26	-	5.85	(0.01)

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 mentioned below:

Particulars	**March 31, 2018**		**March 31, 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Cash flow hedge				
Foreign exchange forward contracts	30.40	(1.24)	123.86	(5.16)

All the derivative contracts expire in next 12 months.

37 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. The Company includes within net debt, trade and other payables less cash and cash equivalents.

	March 31, 2018	March 31, 2017
Trade payables	**22.68**	35.07
Less: Cash and cash equivalents	**(3.98)**	(6.52)
Net debt	**18.70**	28.55
Equity	**837.63**	837.63
Capital and net debt	**856.33**	866.18

38 Impairment of Assets

The Management has assessed the recoverability of its assets following continued losses on account of low demand, fewer committed orders resulting in lower capacity utilization and intense competition. Consequently, the assets has been impaired by Rs. 49.28 Crores (March 31, 2017 : Rs. 130.27 Crores) based on determination of fair value of such assets less cost to sale. The fair valuation was assessed by Management and supported by a separate valuation report. Refer note 33 for listing of impairment of each class of asset. The significant judgements used by an independent valuer in the valuation of the cash-generating unit 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.

39 The Equity share capital of the Company is Rs. 837.63 crores and the losses reported during FY 2018 are Rs. 45.54 crores. Per management, use of going concern assumption is appropriate considering contracts in hand that are being executed, and available cash and liquid financial assets to meet requirements of operating cash flow. Further, there is no active proposal being considered for sale of assets/operations of the Company.

40 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

For B. K. Khare & Co.	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Thermax Babcock & Wilcox Energy Solutions Private Ltd**	
ICAI Firm Reg No.105102W		
Shirish Rahalkar	**Amitabha Mukhopadhyay**	**Ravinder Advani**
Partner	Director	Director & CEO
Membership No. 111212	DIN: 01806781	DIN: 01677195
	Abhay Shah	**Apurva Gupte**
	Chief Financial Officer	Company Secretary
Place: Pune		
Date: May 16, 2018		

FIRST ENERGY PVT. LTD.

Board of Directors

Mahesh Yagnaraman
Amitabha Mukhopadhyay
Hemant Mohgaonkar
Naveen Kumar Kshatriya
Sriram Vishwanathan

Registered Office

Thermax House,
14, Mumbai Pune
Road, Wakdewadi,
Pune 411003

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10,
Prabhat Road, Pune 411004

Key Managerial Personnel

Satish Chinchalkar - Manager
Abhishek Gagpalliwar - Chief Financial Officer
Sampada Sakhare - Company Secretary

Bankers

HDFC Bank
Union Bank of India
State Bank of India

Directors' Report

Dear Shareholder,

The Directors have pleasure in presenting the Tenth Annual Report of the Company for the year ended March 31, 2018.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	**2017-18**	2016-17
Total income	**1969.77**	1935.46
Profit/(Loss) before depreciation	**(351.60)**	(409.86)
Depreciation	**456.71**	400.05
Profit/(Loss) before tax	**(808.31)**	(809.91)
Provision for taxation (incl. deferred tax)	**-**	(6.13)
Items that not be reclassified to profit or loss	**5.29**	8.78
Profit/(Loss) after tax	**(803.01)**	(795.00)

STATE OF COMPANY'S AFFAIRS

During the year, the Company earned a total income of Rs. 1969.77 lac as against Rs .1935.46 lac in the previous year. Loss before depreciation stood at Rs. 351.60 lac (previous year, Rs. 409.86 lac) and Loss after depreciation and tax was Rs. 803.01 lac (previous year Rs. 795.00 lac).

The Company's solutions are primarily aimed at cost arbitrage with respect to fossil fuels like LPG & HSD. The prices of these fuels remain subdued in the first half of the year. Diesel prices climbed up in last quarter. Along with the improvement in arbitrage, the Company has made improvements in its product line-up and these are expected to make distinct improvement in the Company's performance in the coming years.

As a prudent accounting practice, the Company made an impairment provision for its fixed assets to the tune of Rs 197 Lakhs. This is reflected in the financial performance numbers.

MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

DIVIDEND

In a view of accumulated losses the directors do not recommend any dividend on equity shares.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The Company does not propose to carry any amount to reserves.

SHARE CAPITAL

The Paid up Share Capital of the Company is Rs. 2546.64 Lakh (Equity Shares – Rs. 1346.64 Lakh and 8% Redeemable Preference Shares – Rs.1200 Lakh). During the year under review the Company has issued 5,999,999, 8% Redeemable Preference Shares on Right basis to Thermax Limited, Holding Company. The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

DEPOSITS

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2018.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company did not give any loan or made an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

BUSINESS RISK MANAGEMENT

The Company's business is significantly dependent on cost arbitrage with respect to fossil fuel prices. In the initial months of calendar year 2018, there has been a spurt in these fuel prices and this augurs well for the Company. Having said that, these commodities are very susceptible for local and global economic and political factors.

Secondly the Company's customers are composed of hotels, restaurants and caterers besides other small manufacturing companies. High proportion of SME segment also brings business volatility since the customer's intrinsic business is also highly dynamic in nature.

The Company is cognizant of these and such other business risks and opportunities and it has put in an appropriate risk management framework to address the same.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls and those are operating effectively.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company has in place a comprehensive policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. A detailed policy is annexed herewith as **"*Annexure 1*"** and forms part of this report.

DIRECTORS

During the year under report, Mr. Sreeam Thiagarajan and Mr. Raymond Moses were resigned from the office of Director and Mr. Mahesh Yagnaraman from the office of Managing Director and Chief Executive Officer w. e. f July 17, 2017.

In accordance with the provisions of the Companies Act, 2013 and Article of Association of the Company, Mr. Mahesh Yagnaraman, Director retires by rotation and being eligible offers, himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

Presently there are no independent Directors in the Company. Your Directors are in the process of identification of suitable candidates who could be appointed as Independent Directors of the Company.

KEY MANAGERIAL PERSONNEL

Mr. Ramesh Patil, Company Secretary & KMP of the Company was resigned from his post w.e.f October 26, 2017. Ms. Sampada Sakhare has appointed as Company Secretary & KMP w.e.f. April 02, 2018, Mr. Dinesh Sarnaik, Chief Financial Officer & KMP was resigned from his post w.e.f December 31, 2017 and Mr. Abhishek

Gagpalliwar was appointed as Chief Financial Officer & KMP w.e.f January 22, 2018. Mr. Mahesh Yagnaraman ceased to be Chief Executive Officer & KMP w.e.f July 17, 2017. Mr. Satish Chinchalkar has appointed as Manager and KMP of the Company w.e.f April 27, 2018.

BOARD MEETINGS

The Board met Six times during the year under review, on May 03, 2017, June 29, 2017, July 12, 2017, July 17, 2017, November 03, 2017 and January 22, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Directors had prepared the annual accounts on a going concern basis; and

e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India (ICSI) had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) w.e.f October, 2017. The Comapny is in process of implementation/adoption of such revised standards.

COMMITTEES OF THE BOARD

The Board has constituted following committees viz. Audit Committee, Nomination and Remuneration Committee.

AUDIT COMMITTEE

The Committee met thrice during the year under review, on May 03, 2017, July 17, 2017 and November 03, 2017. The Committee was reconstituted in the Board Meeting held on July 17, 2017.

The Committee comprises of 4 (Four) members, all being non-executive Directors namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Hemant Mohgaonkar, Mr. Mahesh Yagnaraman and Mr. Naveen Kumar Kshatriya

NOMINATION AND REMUNERATION COMMITTEE

The Committee met once during the year on May 03, 2017. The Committee was reconstituted in the Board Meeting held on July 17, 2017.

The Committee comprises of 4 (Four) members, all being non-executive Directors namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Hemant Mohgaonkar, Mr. Mahesh Yagnaraman and Mr. Naveen Kumar Kshatriya

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are 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. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before Board/Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9, as required under Section 92, of the Companies Act, 2013, is annexed herewith as ***Annexure 2*** and forms the part of this report.

CONSERVATION OF ENERGY

The Company is in the business of providing alternative solution to energy consumption in heating applications. The Company aims to conserve the environment by bringing about significant change in cooking and heating methods through application of biomass and gasification technology.

TECHNOLOGICAL ABSORPTION

There was no technology acquisition and absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pertaining to foreign exchange earnings and outgo, under Section 134 (3) (m) of the Companies Act, 2013 for the year is as follows:

(Rs. in lac)

Foreign currency earnings	-
Foreign currency outgo	-

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

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 and its future operations.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Following is a summary of sexual harassment complaints received and disposed of by the Company during the year 2017-18:

Number of Complaints received: Nil
Number of Complaints disposed of: NA

AUDITORS

The Company has appointed M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors at its Eighth Annual General Meeting for the period of Five years, till the Conclusion of Annual General Meeting to be held in 2021.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

For and on behalf of the Board of Directors of
First Energy Private Limited

Amitabha Mukhopadhyay	**Hemant Mohgaonkar**
Director	Director
DIN: 01806781	DIN: 01308831

Place: Pune
Date: April 27, 2018

ANNEXURE 1

Policy on selection and appointment of Directors and remuneration of Directors, KMPs and Employees

The Nomination & Remuneration Committee (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, including the qualifications and determining the independence of Directors. The NRC has also laid down the criteria for evaluation of performance of the Board and guidelines for determining the remuneration of Directors. This Policy is based on the above TOR of NRC:

(1) **Criteria for selection and appointment of Directors:**

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest wrt any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

(2) **Remuneration:**

The remuneration payable to Directors shall be in accordance with Sec. 197 of the Companies Act, 2013 and other applicable provisions & rules made thereunder from time to time.

The Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings.

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees.

(3) **Criteria for selection of MD, WTD & CEO:**

For the purpose of selection of the MD, WTD and CEO, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

(4) **Remuneration for MD, WTD & CEO:**

i. At the time of appointment or re-appointment, the Managing Director (MD), Whole Time Director (WTD) and Chief Executive Officer (CEO) shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the MD, WTD and CEO within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

iii. The remuneration of the MD, WTD and CEO is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

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 MD, WTD and CEO, the industry benchmarks and the current trends;

d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

(5) **Remuneration Policy for Senior Management, KMPs and employees:**

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure the following:

(i) The remuneration is divided into Fixed component & Variable Component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by the MD and CEO at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the MD and CEO.

The MD & CEO will present a snapshot of evaluation carried to assess the performance of the Whole time Director, while recommending the annual increment of the NRC, for its review and approval.

For and on behalf of the Board of Directors of
First Energy Private Limited

Amitabha Mukhopadhyay	**Hemant Mohgaonkar**
Director	Director
DIN: 01806781	DIN: 01308831

Place: Pune

Date: April 27, 2018

ANNEXURE 2

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:

1.	CIN	:	U40200PN2008FTC139032
2.	Registration Date	:	November 5, 2008
3.	Name of the Company	:	First Energy Private Limited
4.	Category / Sub-Category of the Company	:	Private (deemed Public) Company / Limited by Shares
5.	Address of the Registered office and contact details	:	Thermax House, 14, Mumbai Pune Road, Wakdewadi, Pune 411003
6.	Whether listed company	:	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Biomass pellets	37200	98.63
2	Gasification technology cooking stoves	29302	0.33

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	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	87 (Including Equity and 8% Redeemable Preference Shares)	2(46)

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	1231313	-	1231313	9.14	651849	-	651849	4.84	4.30
b. Central Govnt(s)	-	-	-	-	-	-	-	-	-
c. State Govnt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	7361389	-	7361389	54.67	10234437	-	10234437	76.00	21.33
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Subtotal (A)(1):	**8592702**	**-**	**8592702**	**63.81**	**10886286**	**-**	**10886286**	**80.84**	**25.63**
(2) **Foreign**	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total share holding of Promoter (A)= (A)(1)+(A) (2)	**8592702**	**-**	**8592702**	**63.81**	**10886286**	**-**	**10886286**	**80.84**	**25.63**
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds									
b. Banks/FI									
c. Central Govt									
d. State Govt(s)	---NIL--								
e. Venture Capital Funds									
f. Insurance Companies									
g. FIIs									
h. Foreign Venture Capital Funds									
i. Any other									
Subtotal (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
b) Indian	240582	-	240582	1.79	93138	-	93138	0.69	1.09
c) Overseas	-	-	-	-	-	-	-	-	-
d) Individuals	-	-	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4633081	-	4633081	34.40	2486941	-	2486941	18.47	15.93
e) Others specify	-	-	-	-	-	-	-	-	-
- Directors Relative	-	-	-	-	-	-	-	-	-
- Trusts	-	-	-	-	-	-	-	-	-
- Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
- Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
- Non Resident Indian	-	-	-	-	-	-	-	-	-
- HUF	-	-	-	-	-	-	-	-	-
- Clearing Members	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	**4873663**	**-**	**4873663**	**36.19**	**2580079**	**-**	**2580079**	**19.16**	**17.02**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**4873663**	**-**	**4873663**	**36.19**	**2580079**	**-**	**2580079**	**19.16**	**17.02**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**13466365**	**-**	**13466365**	**100**	**13466365**	**-**	**13466365**	**100**	**42.65**

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 share holding during the year
1	Mahesh Yangnarman	1231313	9.14	Nil	651849	4.84	NIL	4.30
2	Thermax Limited	7361389	54.67	NIL	10234437	76.00	NIL	21.33
	TOTAL	**8592702**	**63.81**	**NIL**	**8592702**	**80.84**	**NIL**	**25.63**

iii) Change in Promoters' Shareholding:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2017)		Changes during the year			Shareholding at the end of the year (As on 31-03-2018)	
		No. of Shares	% of total Shares of the company	Date of Change	Increase/ Decrease	Reason	No. of Shares	% of total Shares of the company
1.	Mahesh Yagnaraman	1231313	9.14	12/07/2017	(579464)	Transfer	651849	4.84
2.	Thermax Limited	7361389	54.67	12/07/2017	2873048	Transfer	10234437	76.00

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 (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
1	Mukund Deogaonkar	1048896	7.79	12/07/2017	(493619)	Transfer	555277	4.12
2	Sreeram Thiagarajan*	1019813	7.57	12/07/2017	(462820)	Transfer	556993	4.14
3	Raymond Moses*	1019813	7.57	12/07/2017	(462820)	Transfer	556993	4.14
4	The Alchemist Ark Pvt. Ltd	240582	1.79	12/07/2017	(147444)	Transfer	93138	0.69

*Sreeram Thiagarajan and Raymond Moses added in the list of Top 10 Shareholders

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the shareholder	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
1.	Mahesh Yangnarman	1231313	9.14	12/07/2017	(579464)	Transfer	651849	4.84
2.	Naveen Kumar Kshatriya (Jointly with Puja Kshatriya)	1544559	11.47	12/07/2017	(726881)	Transfer	817678	6.07

*Sreeram Thiagarajan and Raymond Moses ceased to be Directors w.e.f 12/07/2017

V. INDEBTEDNESS

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

Amount in Rs. Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount	-	6.56	-	6.56
ii) Interest due but not paid	-	-		

Amount in Rs. Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
iii) Interest accrued but not due	-	-		
Total (i+ii+iii)	**-**	**6.56**	**-**	**6.56**
Change in indebtedness during the financial year				
Addition	11.00		-	11.00
Reduction		(6.56)		(6.56)
Net Change	**11.00**	**(6.56)**	**-**	**4.44**
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	11.00	-	-	11.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**11.00**	**-**	**-**	**11.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no	Particulars of Remuneration	Mahesh Yagnaraman* (MD and CEO) (Rupees in Lakh)
1	Gross salary	11.25
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.00
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	
2	Stock Option	
3	Sweat Equity	----------------------NIL ----------------------
4	Commission- as % of profit - others, specify…	
5	Others, please specify (Retrial Benefits)	
	Total(A)	14.25
	Ceiling as per the Act	84.00

* Ceased to be MD & CEO w.e.f 12/07/2017

B. Remuneration to other directors:

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount Amount in Rs. lakh
1.	Independent Directors						
	Fee for attending board / committee meetings						
	Commission	--NIL---------------------------					
	Others, please specify						
	Total(1)						
2.	Other Non-Executive Directors	Amitabha Mukhopadhyay	Hemant Mohgaonkar	Naveen Kumar Kshatriya	Sriram Vishwanathan	Mahesh Yagnaraman	**Total Amount** Amount in Rs. lac
	Fee for attending board /						
	Committee meetings						
	Commission						
	Others, please specify						
	Rent for Premises	--NIL---------------------------					
	Security Deposit for Lease Premises						
	Total(2)						
	Total(B)=(1+2)						
	Total Managerial (A+B) Remuneration						
	Over all Ceiling as per the Act						

C. Remuneration to key managerial personnel other than MD/Manager/Whole Time Director

Amount in Rs. Lakh.

Sl. no	Particulars of Remuneration	Key Managerial Personnel				
		Chief Executive Officer (Mahesh Yagnaraman)	Company Secretary (Ramesh Patil)*	Chief Financial Officer (Dinesh Sarnaik)*	Chief Financial Officer (Mr. Abhishek Gagpalliwar)*	Total
1.	Gross Salary	Same as VI above	2.20	7.30	2.80	12.40
	(a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961	-	-	-		-
	(b) Value of perquisites u/s 17 (2) Income-tax Act,1961	-	-	-		-
	(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 (Retrial Benefits)	-	-	-		-
	Total	-	2.20	7.30	2.80	12.40

*Mr. Ramesh Patil resigned from the post of Company Secretary w.e.f. 26/10/2017
*Mr. Mahesh Yagnaraman ceased to be Chief Executive Officer w.e.f 12/07/2017
*Mr. Dinesh Sarnaik resigned from the post of Chief Financial Officer w.e.f 31/12/2017
*Mr. Abhishek Gagpalliwar appointed as Chief Financial Officer w.e.f 22/01/2018

VII. 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			---------------NIL---------------		
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors of
First Energy Private Limited

Amitabha Mukhopadhyay	**Hemant Mohgaonkar**
Director	Director
DIN: 01806781	DIN: 01308831

Place: Pune
Date: April 27, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **First Energy Private Limited.**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **First Energy Private 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 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 Rule 7 of the Companies (Accounts) Rules, 2014 and 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 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 there under. We conducted our audit of the 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) 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;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure 2'** to this report;

   (g) 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 IND AS financial statements;

      ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 27, 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: First Energy Private 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) The Company does not hold immovable properties; therefore, clause 3(i) (c) of the Order is not applicable to the Company and hence not commented upon.

(ii) According to the information and explanation given to us, the Company has conducted physical verification of inventory during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of accounts of the Company.

(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, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(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) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and Goods and Service Tax (GST) have been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(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, value added tax, cess, Goods and Service Tax (GST) 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 outstanding of value added tax and Central Sales Tax on account of any dispute, is as follows:

Name of the Statute	Nature of Dues(including interest and Penalty as applicable)	Forum where the dispute is pending	Period to which amount related	Disputed dues,not deposited (Rs.in Lakhs)
KVAT Act 2003/CST Act 1956	Sales Tax	Assistant Commissioner of Commercial Taxes	2011-12	4.02
			2012-13	1.80
Central Sales Tax Act,1958	Sales Tax	Deputy Commissioner of Sales Tax	2013-14	7.23
Central Sales Tax Act and Local Sales tax (Noida)	Sales Tax	Appellate Authority up to Commissioner level	2014-15	25
Central Sales Tax Act and Local Sales tax (TSVAT Act,u/r 25(5))	Sales Tax	Deputy Commercial Tax officer	April 2015 to June 2017	1.42
Total				**39.47**

(viii) In our opinion and according to the information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to a bank/financial institution during the year. The Company has not made any borrowings from a financial institution or government and has not issued any debentures during the year.

(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 Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given by the management, the Company has not paid or provided any managerial remuneration. Therefore, the provisions of clause 3(xi) of the Order are not applicable to the Company.

(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 Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) The Company has made preferential allotment of preference shares during the year under review as per the requirements of Section 42 of the Companies Act, 2013.The funds raised were used for the purpose for which they were raised. There has been no allotment of debentures during the year.

(xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that 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 **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 27, 2018

Annexure 2 referred to in paragraph 2(f) 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')

To the Members of **First Energy Private Limited.**

We have audited the internal financial controls over financial reporting of **First Energy Private Limited** ('the Company') as of March 31, 2018 in conjunction with our audit of the 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. 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 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 Institute of Chartered Accountants of India.

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 27, 2018

FIRST ENERGY PVT. LTD.

Balance Sheet as at March 31, 2018

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

	Note No.	As at March 31, 2018	As at March 31, 2017
Assets			
I. Non-current assets			
Property, plant and equipment	3	**770.46**	1,077.10
Capital work-in-progress	3	**21.35**	-
Intangible assets	4	**89.98**	116.28
Other non-current assets	10	**131.58**	63.46
Total non-current assets		**1,013.37**	1,256.84
II. Current assets			
Inventories	11	**130.25**	167.31
Financial assets			
(a) Investments	5	**309.82**	-
(b) Trade receivables	6	**73.13**	66.33
(c) Cash and cash equivalents	12	**38.35**	75.41
(d) Bank balances other than (b) above	13	**42.40**	38.00
(e) Loans	7	**26.12**	31.53
(f) Other financial assets	8	**0.93**	0.07
Income tax assets (net)	9	**3.39**	2.66
Other current assets	14	**5.88**	55.70
Total current assets		**630.27**	437.01
Total		**1,643.64**	1,693.85
III. Equity and liabilities			
Equity share capital	15	**1,346.64**	1,346.64
Other equity	16	**(1600.95)**	(921.29)
		(254.31)	425.35
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	17(a)	**1,103.29**	514.72
		1,103.29	514.72
V. Current liabilities			
Financial liabilities			
(a) Borrowings	17(b)	**2.20**	6.56
(b) Trade payables	18	**433.07**	367.45
(c) Other current financial liabilities	19	**324.61**	334.00
Other current liabilities	21	**7.51**	13.24
Provisions	20	**27.27**	32.53
		794.66	753.78
Total		**1,643.64**	1,693.85
Summary of significant accounting policies, judgements, estimates and assumptions	1 & 2		

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

For B. K. Khare & Co
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date:April,27 , 2018

For and on behalf of the Board of Directors of
First Energy Private Limited

Sriram Vishwanathan
Director

Amitabha Mukhopadhyay
Director

Satish Chinchalkar
Manager and KMP

Abhishek Gagpalliwar
Chief Financial Officer

Sampada Sakhare
Company Secretary

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

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

Particulars	Notes	March 31, 2018	March 31, 2017
Income			
Revenue from operations	22	**1,941.28**	1,915.69
Other income	23	**28.49**	19.77
Total Income (I)		**1,969.77**	1,935.46
Expenses			
Cost of raw materials and components consumed	24	**976.81**	988.73
(Increase) / decrease in inventories of finished goods	25	**28.49**	-31.11
Employee benefits expense	26	**402.94**	527.95
Finance cost	27	**103.19**	42.27
Depreciation, amortisation expense and impairment	28	**456.71**	400.05
Other Expenses	29	**809.94**	817.48
Total expenses (II)		**2,778.08**	2,745.37
Loss before exceptional items and tax [(I) - (II)]		**(808.31)**	(809.91)
Loss before tax (I-II)		**(808.31)**	(809.91)
Tax expense			
Deferred tax	32	**-**	(6.13)
Total tax expense		**-**	(6.13)
Loss for the year		**(808.31)**	(803.78)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans-gain	35	**5.29**	8.78
Total other comprehensive income for the year, net of tax.		**5.29**	8.78
Total comprehensive income for the year		**(803.01)**	(795.00)
Basic and Diluted Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2018: 10/-)]	31	**(6.00)**	(5.97)
Summary of significant accounting policies,judgements,estimates and assumptions	1 &2		

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

For B. K. Khare & Co
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date:April,27 , 2018

For and on behalf of the Board of Directors of
First Energy Private Limited

Sriram Vishwanathan
Director

Amitabha Mukhopadhyay
Director

Satish Chinchalkar
Manager and KMP

Abhishek Gagpalliwar
Chief Financial Officer

Sampada Sakhare
Company Secretary

FIRST ENERGY PVT. LTD.

Cash flow statement for the year ended March 31,2018

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

		Year Ended March 31, 2018	Year Ended March 31, 2017
A)	**Cash flows from operating activities**		
	Profit before tax	(808.31)	(809.91)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation,amortization expenses and impairment	456.71	400.05
	Net provision for doubtful debts	-	5.18
	Interest Expenses	103.19	42.27
	Interest income from investment in Mutual funds/Fair value gain	(9.82)	-
	Bad debts written off/ Provision	-	11.98
	Loss on sale / discard of assets (net)	34.71	2.74
	Liabilities no longer required written back	-	(10.25)
	Dividend and interest income classified as investing cash flows	(3.84)	(9.52)
	Working capital adjustments		
	(Increase) in Trade Receivables	(6.80)	(42.65)
	(Increase) / Decrease in Inventories	37.06	(39.19)
	(Increase) in Other non-current assets	(68.12)	(3.41)
	Decrease in Other ST Loans	1.05	1.47
	(Increase) / Decrease in Other current financial assets	-	13.25
	Decrease in Other current assets	49.82	20.14
	Increase / (Decrease) in Trade Payables	65.62	92.47
	Increase in Provisions	(5.27)	6.35
	Increase / (Decrease) in Other current liabilities	(5.73)	(54.34)
	(Decrease) in Other current financial liabilities	(9.43)	3.38
	Cash generated from operations	(169.15)	(369.99)
	Direct taxes paid (net of refunds received)	(0.73)	3.43
	Outflow from operating activities	(169.88)	(366.56)
B)	**Cash flows from /(used in) investing activities**		
	Purchase of Fixed Assets	(176.74)	(470.24)
	Fixed Deposits with Banks placed	(100.00)	(38.00)
	Fixed Deposits with Banks realised	95.60	345.00
	Purchase of other Investments	(300.00)	-
	Proceeds from sale of Equipment	-	4.76
	Interest received	2.98	9.52
	Net cash flows (used in) investing activities	(478.16)	(148.96)
C)	Cash flows from/ (used in) financing activities		
	Proceeds from Borrowings(Preference shares)	476.64	476.64
	Proceeds from Other Equity(Preference Shares)	123.36	123.36
	Borrowings from Others/Financial Institutions	11.00	-
	Repayment of Borrowings	-	(34.35)
	Interest paid	(0.06)	(4.19)
	Net cash flows from financing activities	610.94	561.46
	Net increase / (decrease) in cash and cash equivalents	(37.06)	45.93
	Cash and cash equivalents at the beginning of the year	75.41	29.48
	Cash and cash equivalents at the end of the year	38.35	75.41

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

	March 31, 2018	March 31, 2017
Cash and cash equivalents (Note 12)	38.35	75.41
Book overdraft	-	-
Balances as per Cash flow statement	38.35	75.41

For B. K. Khare & Co
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date:April,27 , 2018

For and on behalf of the Board of Directors of
First Energy Private Limited

Sriram Vishwanathan
Director

Amitabha Mukhopadhyay
Director

Satish Chinchalkar
Manager and KMP

Abhishek Gagpalliwar
Chief Financial Officer

Sampada Sakhare
Company Secretary

Statement of changes in Equity for the year ended March 31,2018

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

A Equity Share Capital

	Notes	March 31, 2018	March 31, 2017
Balance at the beginning of the reporting period	15	1,346.64	1,346.64
Changes in equity shares capital during the year	15	-	-
Balance at the end of the reporting period	15	1,346.64	1,346.64

B Other Equity

	Reserves & Surplus				Total Equity
	Retained Earnings	Securities Premium	Total	Equity component of Compound Financial Instruments	
As at April 1, 2016	**(1421.13)**	**1,171.48**	**(249.65)**	**-**	**(249.65)**
Profit for the year	(803.78)	-	(803.78)	-	(803.78)
Other Comprehensive Income	8.78	-	8.78		8.78
Total comprehensive income	**(2216.13)**	**1,171.48**	**(1044.65)**	**-**	**(1044.65)**
Issuance of preference share (Equity component)	-	-	-	123.36	123.36
As at March 31, 2017	**(2216.13)**	**1,171.48**	**(1044.65)**	**123.36**	**(921.29)**
Profit for the year	(808.31)	-	(808.31)	-	(808.31)
Other Comprehensive Income	5.29	-	5.29	-	5.29
Total comprehensive income	**(3019.15)**	**1171.48**	**(1847.67)**	**-**	
Issuance of preference share (Equity component)	-	-	-	123.36	123.36
As at March 31, 2018	**(3019.15)**	**1171.48**	**(1847.67)**	**246.72**	**(1600.95)**

For B. K. Khare & Co
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date:April,27 , 2018

For and on behalf of the Board of Directors of
First Energy Private Limited

Sriram Vishwanathan
Director

Amitabha Mukhopadhyay
Director

Satish Chinchalkar
Manager and KMP

Abhishek Gagpalliwar
Chief Financial Officer

Sampada Sakhare
Company Secretary

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

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

3 Property, Plant and Equipment

Particulars	Buildings	Plant and equipment	Office Equipment	Computer	Furniture and Fixtures	Total	Tangible assets under development (Capital work in progress)
Gross carrying amount as at April 1, 2016	**10.33**	**2,319.07**	**13.25**	**67.39**	**28.89**	**2,438.93**	**21.89**
Additions	-	467.42	0.71	0.47	-	468.60	-
Disposals	-	44.17	-	-	-	44.17	-
Transfers	-	-	-	-	-	-	21.89
Gross carrying amount as at March 31, 2017	**10.33**	**2,742.32**	**13.97**	**67.85**	**28.89**	**2,863.36**	**-**
Additions	-	147.75	0.16	0.56	1.43	149.90	21.35
Disposals	-	210.56	1.34	-	6.49	218.39	
Transfers						-	
Gross carrying amount as at March 31, 2018	**10.33**	**2,679.51**	**12.79**	**68.41**	**23.83**	**2,794.87**	**21.35**
Closing accumulated depreciation and impairment as at April 1,2016	**10.33**	**1,359.49**	**9.96**	**66.59**	**12.13**	**1,458.50**	**-**
Charge for the year	-	358.92	1.16	0.57	3.78	364.43	-
Disposals	-	36.67	-	-	-	36.67	-
Closing accumulated depreciation and impairment as at March 31, 2017	**10.33**	**1,681.74**	**11.12**	**67.16**	**15.91**	**1,786.26**	**-**
Charge for the year	-	217.31	0.91	0.36	3.52	222.10	
Impairment Loss (Refer note 43)	-	199.72	-	-	-	199.72	
Disposals	-	182.11	0.46	-	1.10	183.67	
Closing accumulated depreciation and impairment as at March 31, 2018	**10.33**	**1,916.66**	**11.58**	**67.51**	**18.33**	**2,024.41**	**-**
Net Block March 31, 2018	**0.00**	**762.85**	**1.21**	**0.90**	**5.50**	**770.46**	**21.35**
Net Block March 31, 2017	**0.00**	**1,060.58**	**2.85**	**0.69**	**12.98**	**1,077.10**	**-**

4 Intangible Assets

The following tables present the reconciliation of changes in carrying value of Intangible assets :

	Computer Software	Technical know-how	Total	Intangible assets under development
Gross carrying amount as on April 1,2016	**126.04**	**95.01**	**221.05**	**14.53**
Additions	10.02	28.04	38.06	-
Disposals/Adjustments	-	-	-	14.53
Gross carrying amount as on March 31, 2017	**136.06**	**123.05**	**259.11**	**-**
Additions	8.59	-	8.59	-
Disposals/Adjustments	-	-	-	
Gross carrying amount as on March 31, 2018	**144.65**	**123.05**	**267.70**	**-**
Accumulated Amortisation as on April 1, 2015	**46.86**	**31.60**	**78.46**	**-**
Amortisation charge for the year	25.06	9.55	34.61	-
Disposals	-	5.85	5.85	-
Closing accumulated depreciation as at March 31, 2016	**71.92**	**35.30**	**107.22**	**-**
Amortisation charge for the year	24.44	11.18	35.62	-
Disposals	-	-	-	-
Closing accumulated depreciation as at March 31, 2017	**96.36**	**46.48**	**142.84**	**-**
Amortisation charge for the year	23.94	10.94	34.88	
Disposals			-	
Closing accumulated depreciation as at at Mar 18,2018	**120.30**	**57.42**	**177.72**	**-**
Net Block Mar 31, 2018	**24.35**	**65.63**	**89.98**	**-**
Net Block March 31, 2017	**39.70**	**76.58**	**116.28**	**-**

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

5 Current Investments

	As at March 31, 2018	As at March 31,2017
Investments in mutual funds		
Investments at Fair value through Profit and Loss		
Quoted		
Investment- Aditya Birla Liquid fund (3,000,000 units @ FV 10 per unit)	258.99	-
Investment- ICICI liquid fund(5,00,000 units @ FV 10 per unit)	50.83	-
Total	**309.82**	-

6 Current trade receivable

	As at March 31, 2018	As at March 31,2017
Trade receivables		
Receivables from related parties(note 36 (b))	0.71	3.83
Others	72.42	62.50
Total receivables	73.13	66.33
Break-up of security details		
Unsecured, considered good	73.13	66.33
Doubtful	32.20	35.08
	105.33	101.41
Less: Provision for doubtful debts	(32.20)	(35.08)
Total	**73.13**	66.33

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 receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7 Current loans

	As at March 31, 2018	As at March 31,2017
At amortized cost		
Security deposits	26.12	31.53
Total	26.12	31.53

8 Other financial assets

	As at March 31, 2018	As at March 31,2017
At amortized cost		
Interest accrued on fixed deposits	0.93	0.07
Total	0.93	0.07

9 Income tax assets (net)

	As at March 31, 2018	As at March 31,2017
TDS Receivable	3.39	2.66
Total	3.39	2.66

10 Other non-current assets

	As at March 31, 2018	As at March 31,2017
Sales Tax Recoverable	131.58	102.50
	131.58	102.50
Less : Classified as Current	-	39.04
Total	131.58	63.46

There were no advances due by directors or other 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 ay director is a partner or a member

11 Inventories

	As at March 31, 2018	As at March 31,2017
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	48.90	57.47
Finished goods	81.35	109.84
Total	**130.25**	**167.31**

12 Cash and cash equivalents

	As at March 31, 2018	As at March 31,2017
Balances with banks		
- in current accounts	38.35	0.11
- in deposits with original maturity of less than three months	-	75.00
Cash on hand	-	0.30
Total	**38.35**	**75.41**

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.

13 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	42.40	38.00
Total	**42.40**	**38.00**

14 Other current assets

	As at March 31, 2018	As at March 31,2017
Unsecured considered good		
Sales tax recoverable	-	39.04
Advance to supplier	-	8.83
Advances to employee	3.53	1.80
Prepaid Expenses	2.15	5.83
Others	0.20	0.20
Total	**5.88**	**55.70**

There were no advances due by directors or other 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 ay director is a partner or a member

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

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

15 Share capital

	As at March 31, 2018	As at March 31,2017
Authorized shares		
3,80,00,000 (Previous year 3,80,00,000) equity shares of Rs. 10/- each.	3,800	3,800
	3,800.00	3,800.00
Issued, subscribed and fully paid share capital		
1,34,66,365 (Previous year 1,34,66,365) equity shares of Rs. 10/- each.	1,346.64	1,346.64
Total issued, subscribed and fully paid-up share capital	1,346.64	1,346.64

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

	No. of shares	Rs
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2016	1,34,66,365	1,346.64
Changes during the year	-	-
As at March 31,2017	1,34,66,365	1,346.64
Changes during the year	-	-
At March 31, 2018	**1,34,66,365**	**1,346.64**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding / holding company

	As at March 31, 2018	As at March 31,2017
Holding company		
Thermax Limited		
1,02,34,437 (Previous year: 73,61,389) equity shares of Rs. 10/- each fully paid	1,023.44	736.14

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

Name of the shareholder	As at March 31, 2018	As at March 31,2017
(i) Thermax Limited, India		
% Holding	76.00%	54.67%
No. of shares	1,02,34,437	73,61,389
(ii) Alchemists Ark Pvt. Ltd., India		
% Holding	0.69%	1.79%
No. of shares	93,138	2,40,582
(iii) Mahesh Yangnarman		
% Holding	4.84%	9.14%
No. of shares	6,51,849	12,31,313
(iv) Mukund Deogaonkar		
% Holding	4.12%	7.79%
No. of shares	5,55,277	10,48,896
(v) Naveen & Puja Kshatriya		
% Holding	6.07%	11.47%
No. of shares	8,17,678	15,44,559
(vi) Raymond Moses		
% Holding	4.14%	7.57%
No. of shares	5,56,993	10,19,813
(vii) Sreeram Thiagarajan		
% Holding	4.14%	7.57%
No. of shares	5,56,993	10,19,813

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.

16 Other equity

		As at March 31, 2018	As at March 31,2017
	Reserves and surplus		
A	**Securities premium account**	1,171.48	1,171.48
B	**Retained earnings**		
	Opening balance	(2216.13)	(1421.13)
	Add: Loss for the year	(808.31)	(803.78)
	Add: Re-measurements of post-employment benefit obligations	5.29	8.78
	Net surplus/ deficit in the statement of profit and loss	(3019.15)	(2216.13)
C	**Total Reserves and Surplus (A+B)**	(1847.67)	(1044.65)
	Equity component of compound financial instrument	246.72	123.36
	Total	(1600.95)	(921.29)

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act,2013.

17 Borrowings

(a) Non current borrowings

	As at March 31, 2018	As at March 31,2017
At amortized cost		
Term loans (from banks)		
Secured Loans	11.00	-
Less : Current maturities of Long term Borrowings (included in note 17 (b)	2.20	-
Total	8.80	-
8% Cumulative reedemable preference shares	1,094.49	514.72
(1,20,00,000 shares of Rs 10 each fully paid) (March 17: (60,00,000)		
Total	1,103.29	514.72

In year ended 31 March 2017, the Company had issued 60,00,000 Redeemable Preference Shares of Rs. 10/- each @ 8%. The preference shares are Cumulative, non- convertible, non-participating and redeemable on completion of 5 years at face value in Cash. Equity component of such shares are recorded in other equity. During the year the company has issued additional 60,00,000 shares issued Redeemable Preference Shares of Rs. 10/- each @ 8%,

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

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

Unsecured loan from Tata Capital is Rs 11 lacs @ 9.9% p.a., for 3 years in out of which 2.20 lacs is classified as current and Rs.8.80 lacs classified as non current

The equity component of preference shares is recorded in other equity.

(b) Current Borrowings

	As at March 31, 2018	As at March 31,2017
At amortized cost		
Secured		
From banks	2.20	-
Unsecured:		
From banks	-	4.11
From others	-	2.45
Total	2.20	6.56
Aggregate Secured loans	11.00	-
Aggregate Unsecured loans	1,094.49	521.28

18 Current trade payables

	As at March 31, 2018	As at March 31,2017
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	15.78	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties(note 36b)	12.43	15.08
(ii) Others	404.85	352.37
Total	433.07	367.45

	As at March 31, 2018	As at March 31,2017
The Principal amount and the interest due thereon remainning unpaid to any supplier as at the end of each accounting year	15.78	-
Principal amount outstanding to micro and small enterprises		-
Interest due thereon	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 appinted day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year.	-	-
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	-	-
The amount of interest acrued and remainning unpaid at the end of each accounting year.	0.07	-
The amount of further interest remainning due and payable even in the suceeding years, until such a 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	-	-

19 Other current financial liabilities

	As at March 31, 2018	As at March 31,2017
At amortized cost		
Interest accrued but not due on loans	-	0.10
Trade deposits	256.03	263.91
Capital Creditors	40.64	30.76
(including related party creditors Rs.40.64 March 18(Rs.Nil, March 17))		
Employee related payables	27.94	39.23
	324.61	334.00

20 Current provisions

	As at March 31, 2018	As at March 31,2017
Provision for employee benefits		
Provision for gratuity (Refer note 35)	27.27	32.54
Total	27.27	32.54

21 Other Current liabilities

	As at March 31, 2018	As at March 31,2017
Statutory dues and other liabilities*	7.51	13.24
Total	7.51	13.24

* mainly includes tax deducted at source, provident fund, ESIC, GST etc.

22 Revenue from operations (net)

	March 31, 2018	March 31, 2017
Sale of products		
Sale of products	1,896.36	1,863.99
Other operating revenue		
Rental Income	32.55	50.74
Sale of scrap	12.37	0.96
Total	44.92	51.70
Revenue from operations (net)	1,941.28	1,915.69

23 Other income

	March 31, 2018	March 31, 2017
Interest Income on bank deposits	3.84	9.52
Fair value gain on financial instrument at fair value through profit & loss (net)	9.82	-
Miscellaneous income	14.83	10.25
Total	28.49	19.77

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

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

24 Cost of raw material and components consumed

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year	57.47	49.39
Add: Purchases	968.24	996.81
	1,025.71	1,046.20
Inventories at the end of the year	48.90	57.47
	976.81	988.73
Total	976.81	988.73

25 Change in Inventories

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year		
Finished goods	109.84	78.73
	109.84	78.73
Less: inventories at the end of the year		
Finished goods	81.35	109.84
	81.35	109.84
	28.49	-31.11

26 Employee benefits expense

	March 31, 2018	March 31, 2017
Salaries and wages	371.44	488.71
Contribution to provident and other funds	18.72	24.97
Gratuity expense (Refer note 35)	10.27	11.70
Staff welfare expenses	2.51	2.57
	402.94	527.95

27 Finance costs

	March 31, 2018	March 31, 2017
Interest expense	103.19	42.27
	103.19	42.27

28 Depreciation,amortization expense and impairment

	March 31, 2018	March 31, 2017
Depreciation of tangible assets	222.10	364.43
Amortization of intangible assets	34.89	35.62
Impairment Loss (Note 43)	199.72	-
	456.71	400.05

29 Other expenses

	March 31, 2018	March 31, 2017
Freight and forwarding charges (net)	374.28	362.93
Travelling and conveyance	77.65	120.07
Consumption of stores and spare parts	9.60	0.89
Rent (note 34(i))	44.99	49.13
Rates and taxes	15.44	46.42
Legal and professional fees (Including payment to Auditors (note no 30)	26.66	35.85
Communication expenses	23.30	37.10
Advertisement and sales promotion	18.33	34.03
Repairs and maintenance		
Boiler and Stove	85.27	20.07
Plant and machinery	40.05	6.57
Others	7.87	9.28
Bad debts written off	-	11.98
Provision for doubtful debts	-	5.18
Warehouse Expenses	14.86	21.11
Business promotion	10.20	15.17
Research and development expenses	1.41	8.14
Transportation	3.23	6.92
Power and fuel	2.63	3.22
Insurance	2.98	2.97
Loss on sale / discard of assets (net)	34.71	2.74
Printing and stationery	1.87	2.60
Office expenses	4.42	1.86
Interest under MSMED	0.07	-
Miscellaneous expenses (includes bank charges,commission & brokerage,rent collection charges,etc.)	10.12	13.26
	809.94	817.48

30 Payment to auditors

	March 31, 2018	March 31, 2017
As auditor		
Audit and limited review fee	2.00	2.00
Tax audit fee	0.50	0.50
Total	2.50	2.50

31 Earnings per share

	March 31, 2018	March 31, 2017
Net profit attributable to the Equity shareholders of the Company	(808.31)	(803.78)
Weighted average number of Equity shares of Rs.10/- each	1,34,66,365	1,34,66,365
Basic and Diluted EPS	(6.00)	(5.97)

32 Income Taxes

Deferred Tax asset has not been recognised in respect of depreciation and carried forward losses because of uncertanity of future taxable profit against which they can be realised.

33 Contingent Liabilities and commitments

A Taxes

	March 31, 2018	March 31, 2017
Disputed demands in respect of Sales Tax/VAT	46.34	29.62

34 i. Operating lease: Company as lessee

The Company has taken office buildings 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-Upto 1 year	24.71	-
Lease payments-1 to 5 years	20.28	49.13
Lease payments-More than 5 years	-	-

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

ii. Operating lease: Company as lessor

The Company has leased certain direct and indirect heating equipments to customers. The tenure of such lease agreements ranges from 1 to 5 years and achievement of targeted cosumption volume of pellets.

	March 31, 2018	March 31, 2017
Lease received for the year	32.55	50.74

35 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 @ 15 days (minimum) of the last drawn salary for each completed year of service.

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

Particulars	Present value of obligation
April 1, 2016	34.95
Current service cost	9.12
Interest expense/(income)	2.58
Total amount recognised in Profit or Loss	11.70
Experience adjustments	(10.57)
Actuarial (gain)/loss from change in demographic assumptions	-
Actuarial (gain)/loss from change in financial assumptions	1.79
Return on plan assets expense/(income)	-
Total amount recognised in Other Comprehensive Income	(8.78)
Employer contributions	-
Benefits paid	(5.33)
March 31, 2017	32.54

Particulars	Present value of obligation
April 1, 2017	32.54
Current service cost	8.24
Interest expense/(income)	2.03
Total amount recognised in Profit or Loss	10.27
Experience adjustments	(4.68)
Actuarial (gain)/loss from change in demographic assumptions	-
Actuarial (gain)/loss from change in financial assumptions	(0.61)
Return on plan assets expense/(income)	-
Acquisition adjustments	-
Total amount recognised in Other Comprehensive Income	(5.29)
Employer contributions	-
Benefits paid	(10.25)
March 31, 2018	27.27

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

Particulars	March 31, 2018
Deficit of funded plan	27.27

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2018
Discount rate	7.70%
Salary growth rate	5%
Expected return on plan assets	-
Normal retirement age	60
Mortality table	Indian Assured Lives Mortality (2006-08) ultimate
Employee turnover	5%

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2018	**March 31, 2017**
Discount rate		
1.00% increase	Decrease by 1.84	Decrease by 2.89
1.00% decrease	Increase by 2.16	Increase by 3.39
Future salary increase		
1.00% increase	Increase by 2	Increase by 3
1.00% decrease	Decrease by 1.73	Decrease by 2.69
Attrition Rate		
1.00% increase	Increase by 0.50	Increase by 0.66
1.00% decrease	Decrease by 0.57	Decrease by 0.75

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 prior period.

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	8.58	1.78
Between 2-5 years	7.81	13.43
Between 5-10 years	24.78	45.11

The average duration of the defined benefit plan obligation at the end of the reporting period is 15.76 years (March 31, 2018: 15 Years)

B Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 13.94 (March 31, 2017 Rs. 19.70)

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

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

36 Related party disclosures

a. Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda
		Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		Thermax Onsite Energy Solutions Ltd.
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Hong Kong Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Foundation

b. Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2018	March 31, 2017	
1	Thermax Limited	India	76.00%	54.67%	Holding company
2	The Alchemists Ark Pvt. Ltd.	India	0.69%	1.79%	

c. Enterprises with common Directors

1 Topwheelz Automotive Private Limited
2 Classics Legends Private Limited
3 Ambit Private Limited
4 Optimus Ventures, Singapore
5 Kshatriya Ventures LLP

d. Key Management Personnel:

1 Mr.Amitabha Mukhopadhyay -Nominee Director
2 Mr.Hemant Mohogaonkar -Nominee Director
3 Mr.Sriram Vishwanathan -Nominee Director
4 Mr. Mahesh Yagnaraman-Director
5 Mr.Naveen kshatriya-Director
6 Mr Raymond Moses (Resigned w.e.f 17th July 2017)
7 Mr Sreeram Thiagarajan (Resigned w.e.f 17th July 2017)

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

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

Transactions with Related parties:

	Holding Company		Thermax Onsite Energy solutions Ltd		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		Key Management Personnel and Individuals mentioned in E		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	3.89	4.19	-	-	-	-	-	-	3.89	4.19
Purchase of raw material and components and services/ products	45.10	23.46	-	-	2.75	11.09		-	47.85	34.55
Reimbursement of expenses to related parties	14.83	-	1.76	-	-	-	1.79	9.18	18.38	9.18
Remuneration to key management personnel*	-	-	-	-	-	-	27.25	47.82	27.25	47.82
Issuance of preference shares	600.00	600.00	-	-	-	-	-	-	600.00	600.00
* Does not include gratuity and leave encashment since the same is calculated for all employee of the company as a whole.										

	Holding Company		Thermax Onsite Energy solutions Ltd		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		Key Management Personnel and Individuals mentioned in E		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
Balances as at the Year end										
Trade receivable	0.71	3.83	-	-	-	-	-	-	0.71	3.83
Trade payables and other Liablilities	50.75	14.55	2.05	-	0.27	0.53	-	-	53.08	15.08
Preference Shares (includes other equity)	1,200.00	600.00	-	-	-	-	-	-	1,200.00	600.00

Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash

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

37 Fair value measurements

Break up of financial liabilities carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Borrowings	1,105.49	521.28
Trade payable	433.07	367.45
Other liabilities	324.61	334.00
Total	1,863.17	1,222.73
Current liabilities	759.88	708.01
Non current liabilities	1,103.29	514.72
Total	1,863.17	1,222.73

Break-up of financial assets carried at amortised cost

	As at March 31, 2018	As at March 31, 2017
Trade receivables	73.13	66.33
Loans	26.12	31.53
Other financial assets	0.93	0.07
Cash and cash equivalents	38.35	75.41
Bank balances other than cash and cash equivalents	42.40	38.00
Total	180.93	211.34
Current assets	180.93	211.34
Non-current assets	-	-
Total	180.93	211.34

Break-up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	As at March 31, 2017
Financial assets		
Investments		
Mutual funds	309.82	-
Total financial assets (Current)	309.82	-

i) 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				
Mutual funds	31 March 2018	-	309.82	-

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

38 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. 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 is exposed to market risk, credit risk and liquidity risk.The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

I Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.
The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.
The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2018

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

"The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market isks. This is based on the financial assets and financial liabilities held at March 31,2018 and March 31,2017.The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2018 for the effects of the assumed changes of the underlying risk."

II 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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Impact on profit before tax	
	March 31, 2018	**March 31, 2017**
Interest rate		
- Increase by 100 basis points	(11.19)	(8.28)
- Decrease by 100 basis points	11.19	8.28

III 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 from its financing activities, including deposits with banks and financial institutions, 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 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.At March 31,2018,the Company had 5 that accounted for approximately 14%(march 17- 27%) of total receivables.

Financial instruments and cash deposits

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

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

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

IV 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. 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	**On demand**	**< 1 year**	**1 to 3 years**	**3 to 5 years**	**> 5 years**
Non- derivative					
Borrowings	-	2.20	8.80	1,094.49	-
Trade Payables	-	433.07	-	-	-
Other payables	-	324.61	-	-	-

March 31, 2017	**On demand**	**< 1 year**	**1 to 3 years**	**3 to 5 years**	**> 5 years**
Non- derivative					
Borrowings	-	6.56	-	514.72	-
Trade Payables	-	367.45	-	-	-
Other payables	-	334.00	-	-	-

38 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. **The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.**

	March 31, 2018	**March 31, 2017**
Borrowings	1,105.49	521.28
Trade payables	433.07	367.45
Capital Creditors	40.64	-
Less: Cash and cash equivalents (includes other bank balances)	80.75	113.41
Net debt	1,498.45	775.31
Equity	(254.31)	425.35
Net Debt to Equity	(5.89)	1.82

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2018.

39 Disclosure for statement of Cash Flows-Ind AS -7

	March 31,2017	**Cash Flows**	**Acquisition**	**Foreign exchange movements**	**Fair value changes/ Accrual'**	**March 31,2018**
Equity component of preference shares	123.36	123.36	-	-	-	246.72
Long term Borrowings	514.72	487.64	-	-	100.93	1,103.29
Short term Borrowings/Current liabilities	6.56	(4.36)	-	-	-	2.20
Interest accrued	0.10	(0.10)	-	-	-	-
Total	644.74	606.54	-	-	100.93	1,352.21

40 Income Taxes

Deferred tax asset has not been recognised in respect of depreciation because of uncertanity of future taxable profit against which they can be realised.

41 Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management and have been relied upon by the auditors.

42 The Equity share capital of the Company is Rs. 1346.64 Lakhs and share premium is Rs.1171.48Lacs. However net worth is fully eroded at Mar-2018 The Company has incurred a loss of Rs. 808.31 Lakhs during the year ended March 31, 2018. However, the future profitability projections of the Company indicate the Company's ability to continue as a going concern.In view of mitigating factors such as continuing financial support from the shareholder's ,the accompanying financial statements have been prepared assuming that the Company will continue as a going concern and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

43 The Management has assessed the recoverability of its Plant and Equipment following continued Loss on account of low sales.Consequently its plant and equipment are impaired by Rs 199.72 lacs based on net book value of assets less discounted future cash flows.

44 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

For the convenience of the readers of this compilation, the audited financial statements of overseas subsidiaries prepared in local currencies, equivalent rupee amounts have also been additionally stated converted at the exchange rates as on March 31, 2018.

THERMAX EUROPE LIMITED

Board of Directors	*Registered Office*	*Auditors*
A M Vaishnav A R Shah Shailesh Nadkarni Venkatesh Balasubramanian	I Lumley Street Mayfair, London W1K 6TT	Slaven Jeffcote LLP Chartered Certified Accountants and Statutory Auditors 1 Lumley Street, Mayfair, London, W1K 6TT
Bankers	***Registered Number***	***Senior Statutory Auditor***
Citibank, N.A. London Branch Citigroup Centre Canada Square Canary Wharf London E14 5LB	03183441 (England and Wales)	Nicholas John Paling FCCA

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report for the year ended 31 March 2018.

REVIEW OF BUSINESS

The performance for the financial year 17-18 has been consistent with the budget and a number of successful projects executed.

The year closed with a turnover of £ 6.81 Million (previous year £ 8.25 Million). The pre-tax profit stands at £ 467,267 (previous year £ 830,468). The order booking for the year stands at £ 5.64 Million.

The Chiller business continues to be driven by on site power generation market in Italy, Germany Spain and UK. The Heat Pump business in Denmark is driven by the district heating sector and the commitment made by the Scandinavian countries to reduce their dependency on fossil fuel.

The revenue for Spares and Service have been in line with the overall business strategy.

The outlook for 2018-19 looks challenging due to procurement cycle in Denmark and lack of funding to industries/ hospitals across Europe.

PRINCIPAL RISKS AND UNCERTAINTIES

The core business of Thermax Europe Ltd is the sales and service of Absorption chillers and heat pumps, manufactured by our parent company Thermax Ltd. Near term risk to the business comes from other competitors from the Far East, who could drive down the prices affecting the company’s bottom line and sales. Any changes in government policies regarding energy can also affect the market for the type of equipment the company markets. The recent strides taken by renewable energy sector will be a long term threat to businesses that directly or indirectly deal with equipment supply that rely on fossil fuel. The chillers and heat pumps the company markets falls in this category.

On Financial management, the company has established a risk management framework whose primary objectives are to protect the company from events that hinder the achievement of the company’s performance objectives. The objectives aim to ensure sufficient working capital exists.

EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK

Cash flow risk is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company finances its operations with cash and working capital items such as trade debtors and trade creditors that arise directly from its operations.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and credit facilities.

Credit risk is the risk that one party to financial instruments will cause a financial loss for that other party failing to discharge an obligation. The policy is aimed at minimising such losses and requires that the deferred terms are granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The director sets working capital targets including debtor days. Outstanding balances are reviewed by staff on a regular basis, in conjunction with debt ageing, and the Company operates a robust collection procedure.

ON BEHALF OF THE BOARD:

A R Shah - Director

27 April 2018

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2017 to the date of this report.

The directors shown below were in office at 31 March 2018 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2017 or 31 March 2018.

A M Vaishnav
A R Shah

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A R Shah - Director

27 April 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THERMAX EUROPE LIMITED

Opinion

We have audited the financial statements of Thermax Europe Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities . This description forms part of our Report of the Auditors.

Nicholas Paling FCCA (Senior Statutory Auditor)
for and on behalf of Slaven Jeffcote LLP
Chartered Certified Accountants
and Statutory Auditors
1 Lumley Street
Mayfair
London
W1K 6TT
27 April 2018

THERMAX EUROPE LIMITED

Income Statement for the year ended 31 March 2018

	NOTE	2018 £	2018 Rs Lacs	2017 £	2017 Rs Lacs
Revenue	3	**6,809,930**	**6,222.12**	8,254,993	6,715.28
Cost of sales		**5,496,353**	**5,021.93**	6,975,249	5,674.23
Gross profit		**1,313,577**	**1,200.19**	1,279,744	1,041.05
Administrative expenses		**851,117**	**777.65**	455,706	370.71
Operating profit	5	**462,460**	**422.54**	824,038	670.34
Interest receivable and similar income		**4,999**	**4.57**	6,465	5.26
		467,459	**427.11**	830,503	675.60
Interest payable and similar expenses	6	**192**	**0.18**	35	0.03
Profit before taxation		**467,267**	**426.93**	830,468	675.57
Tax on Profit	7	**118,212**	**108.01**	159,417	129.68
PROFIT FOR THE FINANCIAL YEAR		**349,055**	**318.93**	671,051	545.89

The notes form part of these financial statements

Other Comprehensive Income for the year ended 31 March 2018

	Notes	2018 £	2018 Rs Lacs	2017 £	2017 Rs Lacs
Profit for the Year		**349,055**	**318.93**	671,051	545.89
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income For The Year		**349,055**	**318.93**	671,051	545.89

Exchange rate : as at 31 March 2018 is £= Rs 91.37

Exchange rate : as at 31 March 2017 is £= Rs 81.35

Balance Sheet as at 31 March 2018

	NOTE	2018 £	2018 Rs Lacs	2017 £	2017 Rs Lacs
Fixed assets					
Property, Plant and Equipment	8	**2,267**	**2.07**	1,583	1.29
Current assets					
Inventories	9	**1,254,752**	**1,146.45**	1,951,847	1,587.79
Debtors	10	**3,498,461**	**3,196.49**	1,826,327	1,485.68
Cash at bank and in hand		**2,373,738**	**2,168.85**	2,611,050	2,124.04
		7,126,951	**6,511.78**	6,389,224	5,197.51
Creditors:					
Amounts falling due within one year	11	**(1,830,055)**	**(1,672.09)**	(1,440,699)	(1,171.98)
Net current assets		**5,296,896**	**4,839.69**	4,948,525	4,025.53
Total assets less current liabilities		**5,299,163**	**4,841.76**	4,950,108	4,026.82
Capital and reserves					
Called up share capital	13	**200,000**	**182.74**	200,000	162.70
Retained Earnings	14	**5,099,163**	**4,659.02**	4,750,108	3,864.12
Shareholders' funds		**5,299,163**	**4,841.76**	4,950,108	4,026.82

The financial statements were approved by the Board of Directors on 27 April 2018 and were signed on its behalf by:

A R Shah

Director

Statement of Changes in Equity

For the year ended 31 March 2018

	Called Up Share Capital £	Called Up Share Capital Rs Lacs	Retained Earnings £	Retained Earnings Rs Lacs	Total Equity £	Total Equity Rs Lacs
Balance at 1 April 2016	200,000	182.74	4,079,057	3,726.97	4,279,057	3,909.70
Change in Equity:						
Total comphrensive income	-	-	6,71,051	613.13	671,051	613.13
Balance at 31 March 2017	200,000	182.74	4,750,108	4,340.09	4,950,108	4,522.83
Changes in Equity:						
Total comphrensive income	-	-	349,055	318.93	349,055	318.93
Balance at 31 March 2018	200,000	182.74	5,099,163	4,659.02	5,299,163	4,841.76

Cash Flow Statement for the year ended 31 March 2017

	NOTE	2018 £	2018 Rs Lacs	2017 £	2017 Rs Lacs
Cash flow from operating activities					
Cash generated from operations	1	**(109,019)**	**(99.61)**	918,039	746.81
Interest Paid		**(192)**	**(0.18)**	(35)	(0.03)
Tax Paid		**(131,761)**	**(120.39)**	(155,334)	(126.36)
Net cash from operating activities		**(240,972)**	**(220.17)**	762,670	620.42
Cash flow from investing activities					
Purchase of tangible fixed asset		**(1,339)**	**(1.22)**	(1,766)	(1.44)
Interest received		**4,999**	**4.57**	6,465	5.26
Net cash from investing activities		**3,660**	**3.34**	4,699	3.82
(Decrease)/Increase in cash and cash equivalents		**(237,312)**	**(216.83)**	767,369	624.24
Cash and cash equivalents at the beginning of the year	2	**2,611,050**	**2,385.67**	1,843,681	1,499.80
Cash and cash equivalents at the end of the year	2	**2,373,738**	**2,168.85**	2,611,050	2,124.04

Notes To The Cash Flow Statement For The Year Ended 31 March 2018

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Profit before taxation	**467,267**	830,468
Depreciation charges	**655**	3,523
Miscellaneous	**-**	2
Finance costs	**192**	35
Finance income	**(4,999)**	(6,465)
	463,115	**827,563**
Decrease/(increase) in inventories	**697,095**	(507,019)
Increase in trade and other debtors	**(1,672,134)**	(45,975)
Increase in trade and other creditors	**402,905**	643,470
Cash generated from operations	**(109,019)**	918,039

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	**2,373,738**	2,611,050

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	**2,611,050**	1,843,681

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. **STATUTORY INFORMATION**

Thermax Europe Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 20% on cost
Fixtures and fittings - 20% on cost
Computer equipment - 33.33% on cost

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **REVENUE**

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2018	2017
	£	£
United Kingdom	**777,167**	267,078
Rest of World	**6,032,763**	7,987,915
	6,809,930	8,254,993

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	**303,924**	284,145
Social security costs	**33,336**	32,493
Other pension costs	**9,057**	8,480
	346,317	325,118

The average number of employees during the year was as follows:

	2018	2017
Director	**2**	2
Administration	**8**	8
	10	10

	2018	2017
	£	£
Directors' remuneration	**-**	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Other operating leases	**11,173**	10,517
Depreciation - owned assets	**655**	3,525
Auditors' remuneration	**4,200**	4,000
Foreign exchange differences	**(92,912)**	(314,404)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Other interest	**192**	35

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	**118,212**	168,059
Prior year tax	**-**	(8,642)
Tax on profit	**118,212**	159,417

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	**467,267**	830,468
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	**88,781**	166,094
Effects of:		
Expenses not deductible for tax purposes	**173**	220
Capital allowances in excess of depreciation	**(172)**	-
Depreciation in excess of capital allowances	**-**	297
Bad Debts Provision	**29,430**	1,448
Prior year tax	**-**	(8,642)
Total tax charge	**118,212**	159,417

8. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1 April 2017	3,346	6,501	17,006	26,853
Additions	-	-	1,339	1,339
At 31 March 2018	3,346	6,501	18,345	28,192
DEPRECIATION				
At 1 April 2017	3,160	5,877	16,233	25,270
Charge for year	51	156	448	655
At 31 March 2018	3,211	6,033	16,681	25,925
NET BOOK VALUE				
At 31 March 2018	135	468	1,664	2,267
At 31 March 2017	186	624	773	1,583

9. INVENTORIES

	2018	2017
	£	£
Stocks	**1,254,752**	1,951,847

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	**3,031,372**	1,251,269
Amounts owed by group undertakings	**454,145**	560,331
Interest Accrued	**1,292**	900
VAT	**-**	2,235
Prepayments	**11,652**	11,592
	3,498,461	1,826,327

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	**54,671**	131,455
Amounts owed to group undertakings	**908,916**	580,342
Tax	**70,904**	84,453
Social security and other taxes	**11,751**	11,454
VAT	**43,297**	-
Customer Advance Payments	**352,810**	255,173
Accrued expenses	**387,706**	377,822
	1,830,055	1,440,699

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	**5,334**	2,036
Between one and five years	**18,797**	23,083
	24,131	25,119

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
200,000	Ordinary	£1	**200,000**	200,000

14. RESERVES

Retained earnings

	£
At 1 April 2017	4,750,108
Profit for the year	349,055
At 31 March 2018	5,099,163

15. RENTALS OUTSTANDING

Year	**2018**	2017
Due within 1 year	**8,205**	7,600
Due in more than 1 year and less than 5	**11,400**	19,000

16. RELATED PARTY DISCLOSURES

Thermax Limited owns 100% of the shares in Thermax Europe Limited.

During the year Thermax Europe Limited were reimbursed expenses incurred amounting to £170,789 (2017:£330,154) from Thermax Limited..

During the year Thermax Europe Limited made sales amounting to £463,688 (2017: £2,389,867) to Danstoker A/S and Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) £Nil (2017: £27,696).

Purchases were made in the year from Thermax Limited of £3,178,556 (2017: £5,628,719), Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) of £1,035,261 (2017: £835,689), Danstoker A/S £54,812 (2017: £32,996) and Rifox-Hans Richter Gmbh £138,892 (2017: £128,703).

At 31/03/2018 Thermax Europe Limited was owed £117,865 (2017: £183,368) from Thermax Limited, £Nil (2017: £Nil) from Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £368,062 (2017: £434,966) from Danstoker A/S.

Thermax Europe Limited also owed £1,011,430 (2017:£571,402) to Thermax Limited, £15,351 (2017:£192,308) to Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £45,496 (2017:£2,869l) to Danstoker A/S.

On 6 March 2017 a loan of 150,000 Euros (£128,205) was made to Rifox-Hans Richter GMBH at an interest rate of 2.5%. The loan is repayable within 1 year.

17. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holdings Private Limited, a company incorporated in India.

The immediate parent company is Thermax Limited, a company incorporated in India.

18. CHARGE

A Charge was created on 17 September 2010 in respect of a rent deposit deed for £2,956.

A charge on a cash deposit dated 23 February 2010 and created by Thermax Europe Limited for securing all monies due or to become due from the company to the Bank of Baroda was registered on 9 March 2010.

19. WARRANTY GUARANTEE

A cash deposit has been placed with the Bank of Baroda to cover warranty obligations on an overseas contract.

THERMAX INTERNATIONAL LIMITED

Board of Directors

Mr. Pheroz Pudumjee
(Resigned on 12 Jan 15)
Ms. Meher Pudumjee
(Resigned on 12 Jan 15)
Mr. Yuvraj Thacoor
(Resigned on 23 Jan 15)
Mr. A. Sattar Hajee Abdoula
(Resigned on 23 Jan 15)
Mr. Gajanan Kulkarni
(Resigned on 21 Dec 15)
Mr. Amit Govind Atre
(Resigned on 12 Jan 17)
Mr. Amitabha Mukhopadhyay
(Appointed on 12 Jan 15)
Ms. Farhana Alimohamed
(Appointed on 23 Jan 15)
Mr. Nundan Sharma Doorgakant
(Appointed on 23 Jan 15)
Mr. Shailesh Bhalchandra Nadkarni
(Appointed on 12 May 17)

Registered Office

9th Floor Ebene Tower 52 Cybercity
Ebene Republic of Mauritius

Administrator & Secretary

Anex Management Services Ltd

Auditors

Yousouf Peerbaye, F.C.A
Chartered Accountants
6th Floor, Richard House
Remy Ollier Street, Port Louis
Republic of Mauritius

Bankers

HSBC Bank (Mauritius) Ltd
HSBC Centre, 18, Cyber City, Ebene,
Republic of Mauritius

COMMENTARY OF THE DIRECTORS

The directors have the pleasure to submit their commentary to the directors together with the audited financial statements of Thermax International Limited, (the "Company"), for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS AND DIVIDENDS

The results for the year are as shown in the statement of profit or loss and other comprehensive income.

DIRECTORS
The present membership of the Board is set out on page 1.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditor, Yousouf Peerbaye, has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the Annual Meeting of the shareholder.

CERTIFICATE FROM THE SECRETARY

We certify that, to the best of our knowledge and belief, THERMAX INTERNATIONAL LIMITED, (the "Company"), has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166(d) for the year ended 31 March 2018.

for **Anex Management Services Ltd**
Corporate secretary

Date:10, May 2018

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF THERMAX INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of THERMAX INTERNATIONAL LIMITED, (the "Company"), which comprise of the statement of financial position at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 6 to 22 give a true and fair view of the financial position of the Company 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Yousouf Peerbaye, F.C.A
Chartered Accountant
Port Louis, Mauritius

Date:10, May 2018

THERMAX INTERNATIONAL LIMITED

Statement of Financial Position as at 31 March 2018

PARTICULARS	Notes	2018		2017	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Investments	6	**696,023**	**453.60**	696,023	451.34
Current assets					
Prepayments		**1,582**	**1.03**	1,459	0.95
Cash and cash equivalent	7	**587,423**	**382.82**	615,876	399.36
		589,005	**383.85**	617,335	400.31
Other assets					
Other Receivable		**475**	**0.31**	-	-
Dividend Receivable		**315,247**	**205.45**	-	-
		315,722	**205.76**	-	-
Total assets		**1,600,750**	**1,043.21**	1,313,358	851.65
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	8	**3,442,300**	**2,243.35**	3,442,300	2,232.16
Accumulated losses		**(1,855,369)**	**(1,209.14)**	(2,146,986)	(1,392.21)
		1,586,931	**1,034.20**	1,295,314	839.95
Current liabilities					
Accounts payable	9	**4,800**	**3.13**	3,700	2.40
Tax Liability	5	**9,019**	**5.88**	14,344	9.30
		13,819	**9.01**	18,044	11.70
Total equity and liabilities		**1,600,750**	**1,043.21**	1,313,358	851.65

Approved by the Board of Directors on 10 May 2018 and signed on its behalf by:

Farhana Alimohamed
Director

Nundan Sharma Doorgakant
Director

Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 31 March 2018

PARTICULARS	Notes	2018		2017	
		USD	Rs Lacs	USD	Rs Lacs
INCOME					
Dividend		**315,247**	**205.45**	595,053	385.86
		315,247	**205.45**	595,053	385.86
EXPENSES					
Management Fees		**3,376**	**2.20**	5,562	3.61
Licence Fees		**1,750**	**1.14**	1,750	1.13
Bank charges		**1,504**	**0.98**	1,895	1.23
ROC Fees		**360**	**0.23**	360	0.23
Audit Fees		**1,200**	**0.78**	1,200	0.78
Accountancy Fees		**2,600**	**1.69**	1,500	0.97
Professional Fees		**2,255**	**1.47**	2,950	1.91
Taxation Fees		**1,000**	**0.65**	1,000	0.65
TRC Renewal		**550**	**0.36**	550	0.36
Disbursements Fees		**15**	**0.01**	100	0.06
		14,610	**9.52**	16,867	10.94
Other Expenses					
Investment written off		-	-	-	-
PROFIT / (Loss) FOR THE YEAR BEFORE TAXATION		**300,637**	**195.93**	578,186	374.92
Taxation	5	**9,019**	**5.88**	14,344	9.30
Profit / (Loss) for the year		**291,618**	**190.05**	563,842	365.62

Exchange Rate : as at 31 March 2018 is 1 US $ = Rs 65.17

Exchange Rate : as at 31 March 2017 is 1 US $ = Rs 66.85

The notes on page 10 to 22 form an integral part of these financial statements.

Independent Auditors' report on pages 4 and 5

Statement of Changes In Equity for the year ended 31 March 2018

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2016	3,442,300	2,243.35	(2,710,828)	(1,766.65)	731,472	476.70
Profit for the year	-	-	563,842	367.46	563,842	367.46
Balances as at 31st March 2017	3,442,300	2,243.35	(2,146,986)	(1,399.19)	1,295,314	844.16
Balances at 1st April 2017	3,442,300	2,243.35	(2,146,986)	(1,399.19)	1,295,314	844.16
Profit for the year	-	-	291,618	190.05	291,618	190.05
Balances as at 31st March 2018	3,442,300	2,243.35	(1,855,368)	(1,209.14)	1,586,932	1,034.20

Statement of Cash Flows for the year ended 31 March 2018

PARTICULARS	2018		2017	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
Profit/(Loss) for the year	**291,618**	**190.05**	563,842	365.62
Adjustment for:				
Dividend	**(315,247)**	**(205.45)**	(595,053)	(385.86)
Decrease in trade and other receivables	**(599)**	**(0.39)**	(200)	(0.13)
Decrease in trade and other payables	**(4,225)**	**(2.75)**	9,343	6.06
Net cash used from operating activities	**(28,453)**	**(18.54)**	(22,068)	(14.31)
Cash flow from investing activities				
Dividend received	-	-	595,053	385.86
Investment in subsidiary	-	-	-	-
Net cash outflow from investing activities	-	-	595,053	385.86
Net Decrease in cash and cash equivalents	**(28,453)**	**(18.54)**	572,985	371.55
Cash and cash equivalents at start of year	**615,876**	**401.37**	42,891	27.81
Cash and cash equivalents at end of year	**587,423**	**382.82**	615,876	399.36
Cash and cash equivalents made up of:				
Bank balance	**587,423**	**382.82**	615,876	399.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 31 MARCH 2018

1. COMPANY PROFILE

THERMAX INTERNATIONAL LIMITED (the "Company"), is a private company with limited liability and was incorporated in the Republic of Mauritius on 24 January 2000. The Company was granted a Category 1 Global Business Licence under the Financial Services Act 2007. (The surviving Act of the former Financial Services Development Act 2001)

The principal activity of the Company is that of investment holding and its registered office is at 9th Floor Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius.

2. Application of new and revised IFRS

2.1 New and revised standards those are effective for annual periods beginning on 01 April 2017

In the current period, the following new and revised standards issued by IASB became mandatory for the first time:

IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7	Disclosure Initiative (Amendments to IAS 7, Statement of Cash Flows)

The directors have assessed the impact of these revised standards and concluded that none of these revised standards have an impact on the disclosures of these financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretations, have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below:

IAS 40	Transfers of Investment Property
IFRS 15	Revenue from Contracts with Customers
IFRS 9	Financial Instruments (2014)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRIC 23	Uncertainty Over Income Tax Treatments
IFRS 9	Prepayments Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long term Interests in Associates and Joint ventures (Amendments to IAS 28)
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are as follows:

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting date. Actual results could differ from those estimates.

(b) Basis of preparation

The financial statements are prepared under the historical cost convention and in compliance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 ("IFRS as modified by Mauritius Companies Act 2001") for companies holding a Category 1 Global Business Licence.

It also requires management to exercise its judgement 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 financial statements are set out below.

(c) Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific criteria must also be met for revenue recognition:
- Interest income – as it accrues unless collectability is in doubt.
- Dividend income – when the shareholder's right to receive payment is established.
- Dividends are recorded in the Company's financial statements in the year in which they are approved by the Company's directors.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Board of directors considers United States Dollars ("USD") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss and other comprehensive income.

(e) Stated capital

Stated capital is recognised at the fair value of consideration received. Any excess over the nominal value of shares is taken to share premium.

Costs incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change to equity are taken to the income statement.

(f) Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Investment in subsidiaries

Investment in subsidiary is stated in the Company's balance sheet at cost less impairment losses since the fair value cannot be reliably measured.

Consolidated financial statements

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

No consolidated financial statements are presented since the company itself is a wholly owned subsidiary of a company incorporated in India which prepares consolidated financial statements under Indian GAAP.
Subsidiaries are consolidated from the date on which control is transferred to the Company to the date on which control ceases. In preparing the

consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

(h) Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition.
If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

Consolidated financial statements

International Accounting Standard 28, (IAS 28), "Investments in Associates" states that an investment in associate shall be accounted for using the equity method. However, the directors are of the opinion that the Company is exempt for accounting investment in associate under equity method as the holding company, Thermax Limited, produces consolidated financial statements.

(i) Impairment of assets

The Company assesses at the end of each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of asset carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

(j) Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

(k) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. The Company's policies in respect of the main financial instruments are as follows:

Loan receivables
Other receivables are stated at their nominal values as reduced by appropriate allowances for irrecoverable amounts.

Other payable
Other payable is stated at its nominal values.

Cash resources
Cash resources are measured at fair values.

Loans
The loans have been stated at fair values.

(l) Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 3, the directors have made the following judgements that have the most significant effect on the amounts recognized in the financial statements:-

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 3(d), the directors have considered those factors described therein and have determined that the reporting currency of the Company is the United States Dollars ("USD").

5. Taxation

The taxation of income and capital gains of the Company is subject to the fiscal law and practice of Mauritius and the countries which the company invests.

The Company being a Category 1 Global business Company is liable to pay income on its net taxable income at a rate of 15%. The company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritius tax payable in respect of its foreign source income, thus reducing the maximum effective tax rate to 3%.

	31 March 2018	31 March 2017
	USD	USD
Profit/(loss) before tax	300,637	578,186
	303,637	578,186
Loss Brought Forward	-	(29,068)
Taxable Profit	300,637	549,118
Tax at 15%	45,095	82,368
Foreign Tax Credit	(36,076)	(68,024)
Tax expenses	9,019	14,344

6. INVESTMENT IN SUBSIDIARIES

	31 March 2018	31 March 2017
	USD	USD
At start and at end	696,023	696,023

Investee Companies	% Holding	Country of incorporation	Cost	Fair Value	Cost	Total
			USD	USD	USD	USD
Thermax Senegal SARL	100%	SENEGAL	195,250	-	195,250	195,250
Thermax Inc.	100%	U.S.A	500,000	-	500,000	500,000
PT Thermax International Indonesia	0.005%	INDONESIA	773	-	773	773
			696,023	-	696,023	696,023

The directors are of the opinion that the investment is stated at cost since the fair value cannot be reliably measured. The directors are of the opinion that the cost is a reflective of the fair value at 31 March 2018.

7. CASH AND CASH EQUIVALENT

	31 March 2018	31 March 2017
	USD	USD
Cash in hand	66	66
Bank	587,357	615,810
	587,423	615,876

8. STATED CAPITAL

	31 March 2018	31 March 2017
	USD	USD
Authorised		
5,000,000 ordinary shares of USD 1 each	5,000,000	5,000,000
Issued and Fully Paid		
1,695,000 ordinary shares of USD 1 each	1,695,000	1,695,000
1,747,300 cumulative redeemable preference shares	1,747,300	1,747,300
	3,442,300	3,442,300

9. ACCOUNTS PAYABLE

	31 March 2018	31 March 2017
	USD	USD
Accruals	4,800	3,700

10. FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Company's activities expose the Company to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(b) Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	2018	2018	2017	2017
	USD	USD	USD	USD
Senegal XOF	510,497	-	195,250	-
Indonesian Rupiah	773	-	773	-
United States Dollars	1,087,898	4,800	1,115,877	3,700
	1,599,168	4,800	1,311,900	3,700

(c) Financial risks

(i) Foreign currency risk

The Company invest in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the company's assets which are denominated in those currencies.

(ii) Credit risk

Financial assets that potentially expose the Company to credit risk consist principally of loans receivables and cash and cash equivalents. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

(iii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities.

Liabilities	31 March 2018		
Accruals	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	4,800	-	4,800
Total Accruals	4,800	-	4,800

Liabilities	31 March 2017		
Accruals	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	3,700	-	3,700
Total Accruals	3,700	-	3,700

(v) Interest rate risk

The majority of the Company assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

(vi) Concentration risk

At 31 March 2018 the directors consider that the Company is not exposed to any concentration risk.

(vii) Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder and benefits for other stakeholders.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising of issued capital and retained earnings and unsecured borrowings from related parties.

The Company does not have any third-party debt due for the year ended 31 March 2018, hence does not have any capital risk.

11. RELATED PARTY TRANSACTIONS

For the year ended 31 March 2018, the Company traded with its related entity and subsidiary. The nature, volume of transactions and the balances with the entity are as follows:

Nature of relationship	Nature of transactions	During the Year	Balances at 31 March 2018	Balances at 31 March 2017
		USD	USD	USD
Subsidiary	Dividend receivable	315,247	315,247	595,053
Holding	Reimbursement of expenses	475	475	–

12. ULTIMATE HOLDING COMPANY

Holding company: Thermax Limited (India).
Ultimate holding company: RDA Holdings Private Limited.

13. EVENT AFTER REPORTING DATE

There has been no material event after reporting date, which would require disclosure or adjustment to the year ended 31 March 2018 financial statement.

THERMAX INC.

Board of Directors	*Registered Office*	*Auditors*
Ashish Vaishnav S. Krishnan (resigned on 3 April 2017) Abhay Shah Amitabha Mukhodhayay Shailesh Nadkarni	16200, Park Row, Suite 190 Houston, Texas 77084	Plante & Moran, PLLC 27400 Northwestern Highway PO Box 307 Southfiled MI 48037 - 0307

Independent Auditor's Report

To the Board of Directors Thermax Inc.

We have audited the accompanying financial statements of Thermax Inc. (the "Company"), which comprise the balance sheet as of March 31, 2018 and 2017 and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thermax Inc. as of March 31, 2018 and 2017 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

April 27, 2018

Balance Sheet March 31, 2018 and 2017

	2018		2017	
ASSETS	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT ASSETS				
Cash And Cash Equivalents	**3,748,478**	**2,442.88**	1,582,162	1,025.95
Accounts Receivable				
Trade accounts receivable	**1,791,642**	**1,167.61**	2,279,828	1,478.35
Trade receivable from related parties (Note 5)	**250,798**	**163.45**	569,388	369.22
Inventory (Note 3)	**2,173,584**	**1,416.52**	2,349,505	1,523.54
Other Current Assets:				
Refundable Taxes	**161,685**	**105.37**	66,504	43.12
Deferred Tax Assets (Note 9)	**116,000**	**75.60**	181,000	117.37
Other Current Assets	**66,792**	**43.53**	49,161	31.88
Total Current Assets	**8,308,979**	**5,414.96**	7,077,548	4,589.44
Property And Equipment, Naet (Note 4)	**21,258**	**13.85**	22,593	14.65
Total Assets	**8,330,237**	**5,428.82**	7,100,141	4,604.09

LIABILITIES AND STOCKHOLDER'S EQUITY	**2018**		2017	
	USD	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**122,135**	**79.60**	163,650	106.12
Trade payables to related parties (Note 5)	**1,908,117**	**1,243.52**	1,588,923	1,030.34
Accrued and other current liabilities:				
Provision for warranty and start-up costs (Note 7)	**204,500**	**133.27**	196,500	127.42
Customer Deposits and advances	**201,188**	**131.11**	112,846	73.17
Other Current Liabilities	**339,636**	**221.34**	309,899	200.95
Total Current Liabilities	**2,775,576**	**1,808.84**	2,371,818	1,538.01
Deferred Tax Liabilities (Note 9)	**4,000**	**2.61**	7,000	4.54
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**500,000**	**325.85**	500,000	324.23
Retained Earnings	**5,050,661**	**3,291.52**	4,221,323	2,737.32
Total Stockholder's Equity	**5,550,661**	**3,617.37**	4,721,323	3,061.54
Total Liabilities And Stockholder's Equity	**8,330,237**	**5,428.82**	7,100,141	4,604.09

See notes to financial statements

THERMAX INC.

Statement of Operations for the years ended March 31,2018 and 2017

	2018		2017	
	USD	Rs Lacs	USD	Rs Lacs
Revenue				
Operating Revenues	**16,542,429**	**10,780.70**	15,289,875	9,914.72
Other Revenues	104,967	68.41	211,836	137.37
Total Revenue	**16,647,396**	**10,849.11**	15,501,711	10,052.08
Costs of Revenue -Production	**13,099,517**	**8,536.96**	12,101,817	7,847.42
Gross Profit	**3,547,879**	**2,312.15**	3,399,894	2,204.66
Selling General and Administrative Expenses	**2,216,212**	**1,444.31**	2,378,776	1,542.52
Income- Before income taxes	**1,331,667**	**867.85**	1,021,118	662.14
Income Tax Expense (Note 9)	**502,329**	**327.37**	366,625	237.74
Net Income	**829,338**	**540.48**	654,493	424.40

Exchange Rate : as at 31 March 2018 is 1 US $ = Rs 65.17

Exchange Rate : as at 31 March 2017 is 1 US $ = Rs 64.85

Statement of Cash flows for the years ended March 31,2018 and 2017

Particulars	2018		2017	
	USD	Rs Lacs	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**829,338**	**540.48**	654,493	424.41
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**7,145**	**4.66**	7,946	5.15
Loss on disposal of assets	**-**	**-**	2,690	1.74
Bad debt expense	**9,250**	**6.03**	19,153	12.42
Deferred Taxes	**62,000**	**40.41**	-	-
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	**478,936**	**312.12**	169,879	110.16
Accounts receivable - Related parties	**318,590**	**207.63**	-	-
Inventory	**175,921**	**114.65**	1,909,032	1,237.91
Other Assets	**(112,812)**	**(73.52)**	151,480	98.23
Accounts payable	**(41,515)**	**(27.06)**	(16,545)	(10.73)
Accounts payable- Related Parties	**319,194**	**208.02**	(2,117,078)	(1,372.82)
Advances and accrued liabilities	**88,342**	**57.57**	(487,846)	(316.34)
Provision for warranty and start-up costs	**8,000**	**5.21**	27,221	17.65
Other liabilities	**29,737**	**19.38**	47,511	30.81
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**2,172,126**	**1,415.57**	367,936	238.59
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(5,810)**	**(3.79)**	(8,720)	(5.65)
NET INCREASE IN CASH & CASH EQUIVALENTS	**2,166,316**	**1,411.79**	359,216	232.93
Cash & cash Equivalents - Beginning of year	**1,582,162**	**1,031.09**	1,222,946	793.02
Cash & cash Equivalents - End of year	**3,748,478**	**2,442.88**	1,582,162	1,025.95
Supplemental Cash Flow Information - Cash paid for Income Taxes	**538,259**	**350.78**	248,901	161.40

See notes to financial statements

Statement of Stockholder's Equity Year ended March 31, 2018 and 2017

Particulars	Common Stock		Retained Earnings		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balance - April 1, 2016	500,000	325.85	3,566,830	2,324.50	4,066,830	2,650.35
Net Income	-	-	654,493	426.53	654,493	426.53
Balance - March 31, 2017	500,000	325.85	4,221,323	2,751.04	4,721,323	3,076.89
Net Income	-	-	829,338	540.48	829,338	540.48
Balance - March 31, 2018	500,000	325.85	5,050,661	3,291.52	5,550,661	3,617.37

Note 1 - Nature of Business

March 31, 2018 and 2017

Thermax Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments - environment and energy. The environment segment consists of the sale of ion exchange resins primarily within North America. The energy segment consists of the sale of absorption chillers with operations conducted primarily in North America.

The Company is a wholly owned subsidiary of Thermax International Limited (Mauritius), which, in turn, is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holdings Private Limited, a company incorporated in India. The Company acquires substantially all of its products for sale from Thermax Ltd. and its affiliates.

Note 2 - Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Revenue and Cost Recognition

Revenue is recognized by the Company as per the contract terms under which title transfer occurs. At the time of revenue recognition, there may be additional unfulfilled company obligations that are deemed inconsequential and will not affect the customer's final acceptance of the arrangement. Any cost of these obligations is accrued when the corresponding revenue is recognized. In the energy segment, the Company records a provision for start-up costs at the time of revenue recognition. A provision for warranty costs was recorded for sales through March 31, 2012. For sales subsequent to that date, the warranty liability was assumed by Thermax Ltd.

The Company occasionally receives down payments from its customers. These are recorded as customer deposits and advances on the balance sheet. Customer advances totaled $201,188 and $112,846 as of March 31, 2018 and 2017, respectively.

Credit Risk and Major Customers

The Company's energy business segment includes sales to a single customer of $3,258,323 and

$3,528,516 during the years ended March 31, 2018 and 2017, respectively. Accounts receivable from this customer totaled $72,900 and $398,270 at March 31, 2018 and 2017, respectively.

The Company's environment business segment includes sales to a single customer of $3,152,468 and

$3,273,776 for the years ended March 31, 2018 and 2017, respectively. Accounts receivable from this customer totaled $649,572 and $351,120 at March 31, 2018 and 2017, respectively.

The Company's environment business segment includes sales to a single customer of $3,920,592 and

$1,325,486 for the years ended March 31, 2018 and 2017, respectively. Accounts receivable from this customer totaled $0 and $325,062 at March 31, 2018 and 2017, respectively.

Advertising Expense

Advertising expense is charged to income during the year in which it is incurred. Advertising and promotion expenses for the years ended March 31, 2018 and 2017 were $32,167 and $24,487, respectively.

Cash Equivalents

The Company utilizes a money market account to earn interest on funds held. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Trade Accounts Receivable

The Company's accounts receivable are primarily related to sales of ion exchange resins and vapor absorption chillers and spares. Credit is extended based on prior experience with the customer and evaluation of the customer's financial condition. Accounts receivable are generally due within 30 days. An allowance for doubtful accounts is established based on company policy and the assessment of outstanding invoices unpaid following normal customer payment periods. All accounts or portions thereof deemed to be uncollectible are written off in the period that determination is made. Management has recorded an allowance for doubtful accounts related to trade accounts receivable of $28,403 and $19,153 at March 31, 2018 and 2017, respectively.

Property and Equipment

Property and equipment are recorded at cost. The straight-line depreciation method is used for computing depreciation over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

The estimated useful lives used to determine depreciation are as follows:

	Depreciable Life - Years
Furniture and fixtures	5-7
Office equipment	5
Leasehold improvements	5

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

The Company has elected to classify interest and penalties, if applicable, related to income tax obligations as part of income tax expense.

Inventory

As of April 1, 2017, the Company adopted new guidance related to simplifying the measurement of inventory values. Inventory consists of product purchased primarily from Thermax Ltd. and is valued at the lower of cost or net realizable value (NRV), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal, and transportation. Inventory cost is determined using the average cost method. The cost of inventory includes the purchase price of the products, expenses incurred on freight, customs duty where applicable, and other incidental expenses. In 2017 and previous years, inventory was measured at the lower of cost or market, with market value generally based on replacement costs, adjusted for other factors. Prior periods have not been restated.

Shipping and Handling Costs

Shipping and handling costs are generally capitalized to inventory for the inbound costs of the Company's purchases and recorded as costs of sales for the outbound costs of the Company's sales as they are incurred.

Reclassification

Reimbursement income of $184,525 has been reclassified from nonoperating income in the 2017 statement of operations to selling, general, and administrative expenses to match the classification of the reimbursed expenses. Related party accounts receivable of $569,388 has been reclassified from related party accounts payable in the 2017 balance sheet to conform to the 2018 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up to and including April 27, 2018, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Company's year ending March 31, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. Revenue from customer contracts that involve chiller installation and startup costs may be significantly impacted by the provisions of this pronouncement. The Company has not yet quantified the impact of this standard on its primary revenue streams, nor has it determined which application method it will use.

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-17, Balance Sheet Classification of Deferred Taxes, which will modify how deferred income taxes are presented on the balance sheet. The ASU will require all deferred tax assets and liabilities to be reported as noncurrent in a classified statement of financial position. The new guidance will be effective for the Company’s year ending March 31, 2019. The ASU permits the new deferred income tax classification guidance to be applied either prospectively or retrospectively. The Company has not yet determined which application method it will use and the impact of the new standard on the financial statements is not expected to be material.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending March 31, 2021. Upon implementation, the Company's lease payment obligations will be recognized at their estimated present value along with a corresponding right-of-use asset. Lease expense recognition will be generally consistent with current practice.

Note 3 - Inventory
March 31, 2018 and 2017

Inventory, net of reserves, at March 31, 2018 and 2017 consists of the following:

		2018		2017
Traded goods - Ion exchange resins and spare parts	$	665,970	$	1,192,900
Goods in transit - Ion exchange resins		845,871		448,276
Goods in transit - Chillers and spare parts		661,743		708,329
Total inventory	$	2,173,584	$	2,349,505

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. At March 31, 2018 and 2017, net inventory valued at $665,970 and $1,192,900, respectively, was located at outside warehouses.

At March 31, 2018 and 2017, the Company maintained a reserve for inventory obsolescence of $60,493 and $61,123, respectively.

Note 4 - Property and Equipment
Property and equipment at March 31, 2018 and 2017 are summarized as follows:

		2018		2017
Office equipment	$	46,594	$	43,483
Furniture and fixtures		11,130		13,641
Leasehold improvements		5,794		5,794
Total cost		63,518		62,918
Accumulated depreciation		42,260		40,325
Net property and equipment	$	21,258	$	22,593

Depreciation expense was $7,145 and $7,946 for the years ended March 31, 2018 and 2017, respectively.

Note 5 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Accounts Receivable

At March 31, 2018 and 2017, the Company had accounts receivable from related parties totaling $250,798 and $569,688, respectively.

Accounts Payable

At March 31, 2018 and 2017, the Company had accounts payable to related parties totaling $1,908,117 and $1,588,923, respectively.

Purchases

For the years ended March 31, 2018 and 2017, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $11,122,801 and $8,460,136, respectively. For the years ended March 31, 2018 and 2017, the Company had purchases of absorption chillers from Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. totaling $0 and $685,000, respectively.

Note 6 - Operating Leases

March 31, 2018 and 2017

The Company conducts its operations in leased facilities in Texas. The Company leases office space under a noncancelable operating lease that expires on November 30, 2022. The Company has also leased office equipment and automobiles under noncancelable operating leases. The lease expense for the years ended March 31, 2018 and 2017 was $83,184 and $81,194, respectively.
Future minimum annual commitments under these operating leases are as follows:

Years Ending March 31		Amount
2019	$	78,796
2020		77,927
2021		61,824
2022		61,581
2023		41,774
Total	$	321,902

Note 7 - Warranty and Start-up Costs

The Company has a policy to record provisions for start-up costs and warranties (for sales before April 1, 2012 - see revenue recognition policy in Note 2 for additional information) related to the sale of vapor absorption chillers under its energy business segment. These provisions are recorded as and when the related sales income is recorded. These provisions are based on the estimates of likely expenses for start-up of the chillers and warranty claims, considering the types of chillers, geographical location of the job sites, capacity of the chillers under consideration, and past performance data.

The Company adjusts these provisions as and when the chillers are started up and on expiration of the chiller warranties.

The Company has accrued $197,500 and $184,500 at March 31, 2018 and 2017, respectively, for estimated chiller start-up costs. In addition, the Company has accrued $7,000 and $12,000 at March 31, 2018 and 2017, respectively, for estimated future warranty claims.

Note 8 - Line of Credit

Effective November 2, 2016, the Company had a line of credit with available borrowings of $750,000 with a bank that matured on October 31, 2017. On October 12, 2017, the Company extended the line of credit to mature on October 31, 2018. At March 31, 2018, advances under the revolving credit line bear interest at a rate of 3.00 percent above LIBOR (an effective rate of 4.80 percent at March 31, 2018) or the prime rate plus 0.25 percent (an effective rate of 5.00 percent at March 31, 2018). The rate option will be determined at the discretion of the Company upon the first draw. Any borrowings are secured by all assets of the Company. There were no borrowings outstanding under the line of credit agreement at March 31, 2018 and 2017.

Note 9 - Income Taxes

The components of the income tax provision included in the statement of operations are all attributable to continuing operations and are detailed as follows:

		2018		2017
Current income tax expense	$	**440,329**	$	366,625
Deferred income tax expense		**62,000**		-
Total income tax expense	$	**502,329**	$	366,625

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

		2018		2017
Income tax expense - Computed at 21 and 34 percent of pretax income, respectively	$	**401,622**	$	347,180
State income taxes - Net of federal tax benefit		**19,569**		15,775
Nondeductible expenses and adjustments to prior year estimate - Net		**12,205**		3,670
Effect of the federal tax rate change		**68,933**		-
Total income tax expense	$	**502,329**	$	366,625
The details of the net deferred tax asset are as follows:				
Deferred tax assets:				
Warranty reserve	$	**1,500**	$	4,100
Inventory reserve		**12,700**		20,800
Section 263A		**4,900**		11,700
Accrued bonuses		**8,400**		12,800
Other		**88,500**		131,600
Gross deferred tax assets		**116,000**		181,000
Deferred tax liabilities - Depreciation		**4,000**		7,000
Net deferred tax asset	$	**112,000**	$	174,000

No valuation allowance has been recognized for the deferred tax assets.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. The Act changes existing U.S. tax law and includes provisions that impact the Company. Specifically, effective January 1, 2018, the U.S. federal tax rate decreased from 34 to 21 percent. The reduction of corporate tax rates decreased the valuation of deferred tax assets and deferred tax liabilities by $71,559 and $2,626, respectively, at December 31, 2017. The change is included in income tax expense for 2018.

The Company files income tax returns in U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2014. There are no pending or ongoing tax examinations.

Note 10 - Segment Information

The Company has two reportable segments, the environment segment and the energy segment.

The environment segment is engaged in the distribution of ion exchange resins and the energy segment is engaged in the distribution of absorption chillers and the sale of spares. The two segments consist of distinct product lines that are managed separately, as each has different marketing and distribution requirements.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2. All corporate expenses have been allocated to reportable segments based on revenue generated. For the years ended March 31, 2018 and 2017, the allocation was 72 percent and 58 percent to the environment segment and 28 and 42 percent to the energy segment, respectively. Segment profit is based on operating profit before income taxes.

Intersegment charges for administrative services are allocated by management.

The following is summarized information about profit or loss, assets, and other information for each reportable segment for the years ended March 31, 2018 and 2017:

		2018		2017
Environment Segment				
Revenue from external customers	$	**11,845,424**	$	8,786,083
Other revenue		**94,329**		202,041
Segment pretax profit		**1,426,481**		524,976
Segment assets		**2,786,662**		3,554,632
Segment liabilities		**1,063,826**		1,115,855
Energy Segment				
Revenue from external customers		**4,697,005**		6,503,792
Other revenue		**10,638**		9,795
Segment pretax (loss) profit		**(94,814)**		496,142
Segment assets		**1,474,096**		1,668,987
Segment liabilities		**1,667,057**		1,203,524

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2018 and 2017:

		2018		2017
Revenue by Country				
United States	$	**11,538,279**	$	12,353,607
South America		**232,932**		225,161
Canada		**509,421**		1,267,878
Other		**4,366,764**		1,655,065
Total revenue	$	**16,647,396**	$	15,501,711
Assets				
Total assets for reportable segments	$	**4,260,758**	$	5,223,619
Unallocated amounts		**4,069,479**		1,876,522
Total assets	$	**8,330,237**	$	7,100,141
Liabilities				
Total liabilities for reportable segments	$	**2,730,883**	$	2,319,379
Unallocated amounts		**48,693**		59,439
Total liabilities	$	**2,779,576**	$	2,378,818

Revenue is allocated based on the geographic location of the customers.

Revenue from two customers of the environment segment represents $7,073,060 (42 percent) and

$4,599,262 (30 percent) of the Company's total revenue for the years ended March 31, 2018 and 2017, respectively. Revenue from one customer of the energy segment represents $3,258,323 (24 percent) and

$3,528,516 (23 percent) of the Company's total revenue for the years ended March 31, 2018 and 2017, respectively.

Note 11 - Retirement Plans

The Company has a defined contribution profit-sharing 401(k) plan covering substantially all employees. Company contributions are discretionary. The Company has the option to match up to 50 percent of an employee's deferral amount, not to exceed 4 percent of the employee's compensation. For the years ended March 31, 2018 and 2017, the Company made matching contributions totaling $22,254 and $19,304, respectively.

Note 12 - Contingencies and Settlements

March 31, 2018 and 2017

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions, if any, will not materially affect the Company's financial statements.

THERMAX DO BRASIL - ENERGIA E EQUIPAMENTOS LTDA.

Supervisory Board

Ashish Vaishnav
Abhay Shaha
Shailesh Nadkarni
Venkatesh Balasubramanian

Registered Office

Av. Paulista, 37-04
ander-Edificio Pq
Cultureal Paulista
Sao Paulo, SP. Brazilo

Auditors

KANZK AVALIAÇÕES E
AUDITORIA EIRELI
CNPJ no. 23.429,508/0001-05
CRC- SP 2SP 025.442/O-3
São Paulo, Brazil

Bankers

Banco Citibank S. A.
Banco Real S. A.

AUDITORS' REPORT

To Quotaholders

Thermax do Brasil – Energia e Equipamentos Ltda.

São Paulo - SP

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.**, as of March 31, 2018 and the related statements of income, changes in quotaholders' equity and changes in financial position for the period then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

2. We conducted our audit in accordance with auditing standards generally accepted in Brazil and, accordingly, included: a) the planning of the audit work, considering the materiality of the balances, volume of transactions, and the system of internal controls of the Company; b) the verification on a test basis, of the evidence and records which support the values and information in the published financial statements; and c) evaluation of the accounting practices and the more material accounting estimates adopted by Company management as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred in the paragraph 1 present fairly, in all material respects, the financial position of **Thermax do Brasil – Energia e Equipamentos Ltda.** as of March 31, 2018, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

KANZK AVALIAÇÕES E AUDITORIA EIRELI

CNPJ no. 23.429,508/0001-05

CRC- SP 2SP 025.442/O-3

São Paulo, Brazil

April, 27, 2018

Statement of Income for the year ended March 31, 2018

PARTICULARS	2018		2017	
	BRL	**Rs Lacs**	BRL	Rs Lacs
GROSS INCOME				
Sale of services	**94,458**	**18.62**	41,762	8.67
	94,458	**18.62**	41,762	8.67
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	**(13,188)**	**(2.60)**	(6,946)	(1.44)
Gross profit	**81,269**	**16.02**	34,816	7.23
OPERATING EXPENSES				
General and administrative expenses	**(89,945)**	**(17.73)**	(71,927)	(14.93)
Financial (expenses)/ income	**2,927**	**0.58**	5,925	1.23
Provision for Bad Debts	**-**	**-**	5,325	1.11
	(87,017)	**(17.16)**	(60,677)	(12.60)
Net Profit/Loss before Taxes	**(5,748)**	**(1.13)**	(25,861)	(5.37)
Revenue/expenses not operational	**-**	**-**	-	-
Taxes on income	**-**	**-**	-	-
Net Profit/(Loss)	**(5,748)**	**(1.13)**	(25,861)	(5.37)

Exchange Rate : As at 31 Mar 18 is 1 BRL = Rs 19.72

Exchange Rate : As at 31 Mar 17 is 1 BRL = Rs 20.76

Balance Sheet year ended March 31, 2018

PARTICULARS	2018		2017	
	BRL	**Rs Lacs**	BRL	Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**214.33**	1,087,130	225.73
Accumulated losses	**(865,516)**	**(170.64)**	(859,768)	(178.52)
Total Funds Employed	**221,614**	**43.69**	227,362	47.21
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	**-**	**-**	-	-
Less: Depreciation	**-**	**-**	-	-
Net Block	**-**	**-**	-	-
Current Assets:				
Cash & Banks	**57,362**	**11.31**	164,796	34.22
Trade receivables	**61,500**	**12.12**	28,283	5.87
(-) Provision for doubtful Debts	**(25,284)**	**(4.98)**	(25,284)	(5.25)
Recoverable taxes	**11,743**	**2.32**	11,743	2.44
Account Receivable (Intercompany)	**147,817**	**29.14**	66,042	13.71
(-) Provision for losses	**(10,941)**	**(2.16)**	(10,941)	(2.27)
	242,197	**47.75**	234,639	48.72
Less : Current Liabilities & Provisions :				
Accounts payable	**-**	**-**	-	-
Taxes payable	**15,089**	**2.97**	10,355	2.15
Other accounts payable	**15,422**	**3.04**	6,849	1.42
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(1.96)**	(9,928)	(2.06)
	20,583	**4.06**	7,276	1.51
Net Current Assets	**221,614**	**43.69**	227,362	47.21
Total Funds Applied	**221,614**	**43.69**	227,362	47.21

Statement of Changes in Quotaholders' Equity

Year Ended March 31, 2018

	Capital		Accumulated losses		Total	
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Balances at April 1, 2017	1,087,130	214.33	(859,768)	(169.50)	227,362	44.82
Funds allocated to capital increase	-	-	-	-	-	-
Net Profit/ (Loss) for the period	-	-	(5,748)	(1.13)	(5,748)	(1.13)
Balances at March 31, 2018	1,087,130	214.33	(865,516)	(170.64)	221,614	43.69

Statement of Changes in Financial Position Year ended March 31, 2018

	2018		2017	
Sources	**BRL**	**Rs Lacs**	BRL	Rs Lacs
From Operations				
Net Profit/(loss) for the period	**(5,748)**	**(1.13)**	(25,861)	(5.37)
Expenses (incomes) that do not affect net working capital:				
Depreciation	**-**	**-**	-	-
Advance to Capital	**-**	**-**	-	-
Total sources	**(5,748)**	**(1.13)**	(25,861)	(5.37)
Applications	**-**	**-**	-	-
Reduction in net working capital	**(5,748)**	**(1.13)**	(25,861)	(5.37)

Statement of variation in net working capital

	March 31		March 31		Variation	
	2018	**2018**	2017	2017	2017	2017
	BRL	**Rs Lacs**	BRL	Rs Lacs	BRL	Rs Lacs
Current Assets	**242,197**	**47.75**	234,639	46.26	7,558	1.49
Current Liabilities	**20,583**	**4.06**	7,276	1.43	(13,306)	(2.62)
Net working capital	**221,614**	**43.69**	227,362	44.82	(5,748)	(1.13)

Notes to the Financial Statements
Year Ended March 31, 2018
(Amounts in reais)

1. Operational Context

The Company is a subsidiary of Thermax Ltd which in turn is a subsidiary of RDA Holdings Private Limited, a Company incorporated in India. The Company's business activities mainly consist of rendering services, including technical assistance, which may be provided through hiring outsourced companies.

2. Presentation of the Financial Statements

The financial statements were prepared in accordance with accounting practices emanated from the Brazilian Corporation Law.

3. Summary of the Significant Accounting Policies

a. Revenue and expenses recognition

Income and expenses are recorded on monthly accrual basis.

b. Current and long-term assets

Current and long-term assets are recorded at lower of cost or market value plus accrued income until the end of the period. An allowance is recorded in case the market value is lower than cost.

c . Current and long-term liabilities

Liabilities are recorded at known or estimated amounts.

4. Trade Receivables

Description	**2018**
Accounts receivable	61,499,97
(-)Provision for Doubtful Debts	(25,283,53)
Net accounts receivable	**36,216,44**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

5. Accounts Receivable - Intercompany

Description	**2018**
Accounts receivable	147,816,76
Net accounts receivable	**147,816,76**

The amount of R$ 147.816,76 refers to invoices issued to Thermax LTD for the recovery of commercial expenses.

This value was checked with Thermax Ltd. and not present differences

6. Recoverable Taxes

Description	**2018**
IRPJ – 2005	89,28
CSLL – 2005	10,851,37
IRRF – Authorized	802,03
	11,742,68
Provision for losses	**(10,940,65)**
Net	**802,03**

The value of the recoverable taxes basically represents withholding taxes by the Customers. The possibility of setting off the recoverable taxes was authorized by Federal Authorities in May,2013.

7. Taxes and Contributions payable

Description	**2018**
PIS	1,747,09
COFINS	8,047,17
ISS – SALES	5,294,24
(-)Reversal – Taxes – Bad Debts	(9,927,66)
Net Taxes and Contributions payable	5,160,84

The above balances were compared with the tax books of the Company and subsequent events and do not present differences.

The Company recorded a reversal of taxes payable in view of the uncertainty of recovery of receivables from Consulthermos.

8. Other liabilities

Description	**2018**
Rent	1,800,00
Reimbursment – Mr.Felipe	11,821,79
Audit Fee	1,800,00
TOTAL	**15,421,79**

9. Capital Social

The paid-in Capital is represented by R$ 1.087.130,00 with nominal value of R$ 1,00 (one real) each.

10. Services

The company's total sales from services amounted to R$ 94.457,67 as presented below:

DESCRIPTION	**2018**
Services Sales	94,457,67
Net sales	**94,457,67**

The services sales amounts were checked against the company's tax books and do not-present differences.

11. Taxes incident on Services

The company's total taxes related to service, amounted to R$ 13.188,43, as presented below:

DESCRIPTION	**2018**
ISS - SALES	5,872,34
COFINS – SALES	5,757,53
PIS – SALES	1,558,56
TOTAL	**13,188,43**

12. Operating Expenses

The composition of the "Operating Expenses" account is presented below:

DESCRIPTION	**2018**
Rents/Condominium	21,600,00
Accounting Outsourcing	41,600,00
Third Part Services	8,343,33
Auditory	1,800,00
Juridical Services	1,689,30
Bus/Taxi	3,650,87
Travel Expenses	9,402,06
Other Expenses	1,859,02
Total	**89,944,58**

13. Financial (expenses) income

The balance of the Financial (expenses) income and exchange variation income account is presented below:

DESCRIPTION	**2018**
Bank Expenses	(2,563,56)
Finance Income	5,490,86
Total	**2,927,30**

14 . Identified Contingencies

There are no identified tax and accounting contingencies for the year ended on March 31, 2018 (Previous Year Nil)

KANZK AVALIAÇAO E AUDITORIA EIRELI
CNPJ no. 23.429,508/0001-05
CRC- SP 2SP 025.442/O-3
São Paulo, Brazil
April, 27, 2018

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Supervisor

H.P Mohgaonkar

Registered Office

No. 645,
Chayuan Road,
Jaixing Economic Development Zone,
Jiaxing, Zhejiang, PRC.
Post 314003

Auditors

Zhejiang Zhong Ming Certified Public
Accountants Co. Ltd.
Jiaxing, China

Executive Directors

Ashish Vaishnav

General Manager

V. Balasubramanian (upto 30th Sep. 2017)
Dinesh Badgandi (w.e.f. 1st Oct. 2017)

Bankers

Industial and Commercial Bank of China
Citi Bank, China
Jiaxing Bank, China

AUDITORS' REPORT

TO

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

I. Audit opinion

We have audited the accompanying financial statements of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (herein after referred as "the Company"), which comprise the balance sheet as of 31 December 2017, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position of the Company as of 31 December 2017 and the results of its operations and its cash flows for the year then ended.

II. Basis of opinion

We conducted our audit in accordance with Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Responsibility of auditors

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

As part of an audit in accordance with audit standard, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ZHEJIANG ZHONGMING Certified Public Accountants CO., LTD
Certified Public Accountant: Li Aizhong
Certified Public Accountant: Luo Bin

Jiaxing, China
Date: January 29, 2018

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Balance Sheet as at 31 December, 2017

PARTICULARS	2017		2016	
	RMB	**Rs Lacs**	RMB	Rs Lacs
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	**3,711,367**	**364.06**	2,157,401	211.05
Bill receivable	**-**	**-**	500,000	48.91
Accounts receivable	**21,633,025**	**2,122.07**	22,589,058	2,209.78
Other receivables	**858,808**	**84.24**	898,240	87.87
Advance to suppliers	**1,769,044**	**173.53**	1,017,165	99.50
Inventories	**14,380,645**	**1,410.65**	12,194,297	1,192.91
Prepaid expenses	**1,126,112**	**110.46**	715,175	69.96
Allowance receivable	**-**	**-**	-	-
TOTAL CURRENT ASSETS	**43,479,001**	**4,265.03**	40,071,336	3,919.98
NON-CURRENT ASSETS				
Fixed Assets - cost	**60,733,675**	**5,957.61**	60,685,527	5,936.57
Less: Accumulated depreciation	**37,051,793**	**3,634.56**	33,263,539	3,254.01
Fixed Assets - Net book value	**23,681,881**	**2,323.05**	27,421,987	2,682.56
Intangible assets	**5,492,154**	**538.75**	5,609,434	548.74
Long-term deferred and prepaid expenses	**-**	**-**	-	-
TOTAL NON-CURRENT ASSETS	**29,174,035**	**2,861.80**	33,031,421	3,231.30
TOTAL ASSETS	**72,653,036**	**7,126.83**	73,102,758	7,151.29
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	**16,237,419**	**1,592.79**	17,181,405	1,680.77
Accounts payable	**25,596,384**	**2,510.85**	17,817,764	1,743.03
Advances from customers	**3,984,875**	**390.89**	4,510,784	441.27
Accrued Payroll	**646,334**	**63.40**	782,862	76.58
Taxes payable	**298,568**	**29.29**	274,023	26.81
Other amounts payables	**462,205**	**45.34**	455,383	44.55
Accrued expenses	**15,954,731**	**1,565.06**	11,849,366	1,159.17
TOTAL CURRENT LIABILITIES	**63,180,518**	**6,197.63**	52,871,587	5,172.17
OWNER'S EQUITY				
Paid in capital	**95,039,017**	**9,322.76**	95,039,017	9,297.21
Accumulated losses	**(85,566,499)**	**(8,393.56)**	(74,807,847)	(7,318.09)
TOTAL OWNER'S EQUITY	**9,472,519**	**929.20**	20,231,170	1,979.12
TOTAL LIABILITIES AND OWNER'S EQUITY	**72,653,036**	**7,126.83**	73,102,758	7,151.29

Statement of changes in Equity for the year ended 31 December, 2017

	Share Capital		Accumulated Losses		Total	
	2017	**2017**	**2017**	**2017**	**2017**	**2017**
	RMB	**Rs Lacs**	**RMB**	**Rs Lacs**	**RMB**	**Rs Lacs**
Balances at 1 January 2017	95,039,017	9,322.76	(74,807,847)	(7,338.20)	20,231,170	1,984.56
Profit for the current period	-	-	(10,758,652)	(1,055.36)	(10,758,652)	(1,055.36)
Balances at 31 December 2017	**95,039,017**	**9,322.76**	**(85,566,499)**	**(8,393.56)**	**9,472,519**	**929.20**

Income Statement for the year ended 31 December, 2017

PARTICULARS	2017		2016	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Revenue from main operations	**65,247,622**	**6,400.40**	58,939,073	5,765.72
Revenue from other operations	**3,002,256**	**294.50**	2,060,633	201.58
Less : Cost of main operations	**55,471,574**	**5,441.43**	49,133,134	4,806.46
Cost of other operations	**1,341,807**	**131.62**	749,153	73.29
Taxes and surcharge	**1,283,451**	**125.90**	1,058,047	103.50
Operation expenses	**10,779,036**	**1,057.36**	7,253,397	709.56
General and administrative expenses	**9,718,693**	**953.35**	9,944,463	972.82
Financial expenses	**492,700**	**48.33**	1,677,607	164.11
Loss from Operations	**(10,837,382)**	**(1,063.08)**	(8,816,095)	(862.44)
Add: Revenue from subsidies	**33,128**	**3.25**	88,681	8.68
Non-operating revenue	**52,224**	**5.12**	3,551	0.35
Less: Non-operating expenses	**6,621**	**0.65**	90,188	8.82
Loss before tax	**(10,758,652)**	**(1,055.36)**	(8,814,050)	(862.24)
Income tax	**-**	**-**	-	-
Net loss for the year	**(10,758,652)**	**(1,055.36)**	(8,814,050)	(862.24)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2017 is 1 RMB = Rs 9.81

Exchange rate : as at 31 December 2016 is 1 RMB = Rs 9.78

Cash Flow Statement for the year ended 31 December, 2017

PARTICULARS	2017		2016	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	**71,794,225**	**7,042.58**	65,585,849	6,415.95
Refund of taxes	**4,185,753**	**410.60**	3,167,099	309.82
Other cash received relating to operating activities	**72,560**	**7.12**	590,568	57.77
Cash paid for goods & services	**(48,604,162)**	**(4,767.78)**	(46,046,860)	(4,504.54)
Cash paid to & on behalf of employees	**(14,984,961)**	**(1,469.93)**	(14,289,426)	(1,397.87)
Other cash paid relating to operating activities	**(8,163,172)**	**(800.76)**	(7,493,341)	(733.04)
Net cash used in operating activities	**4,300,243**	**421.83**	1,513,888	148.10
Less : Payment of all types of taxes	**1,362,467**	**133.65**	1,118,186	109.39
Net cash used in operating activities	**2,937,777**	**288.18**	395,702	38.71
Cash Flows from Investing activities				
Net cash received from disposal of Fixed Assets, Intangible Assets and other long term assets	**-**	**-**	56,948	5.57
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	**(136,953)**	**(13.43)**	(164,720)	(16.11)
Net cash used in investing activities	**(136,953)**	**(13.43)**	(107,772)	(10.54)
Cash Flows from Financing activities				
Cash Received from investors	**-**	**-**	-	-
Cash Received from borrowings	**94,450,604**	**9,265.04**	57,019,126	5,577.90
Repayment of borrowings	**(95,394,590)**	**(9,357.64)**	(54,746,734)	(5,355.61)
Cash paid for distribution of dividends or profits and for interest expenses	**(670,566)**	**(65.78)**	(724,224)	(70.85)
Net cash received in financing activities	**(1,614,552)**	**(158.38)**	1,548,168	151.45
Effect of Foreign exchange rate changes on cash and cash equivalents	**367,694**	**36.07**	(775,574)	(75.87)
Net increase/(decrease) in cash at banks and in hand	**1,553,966**	**152.43**	1,060,524	103.75
Cash at banks and in hand at beginning of year	**2,157,402**	**211.63**	1,096,877	107.30
Cash at banks and in hand at end of year	**3,711,368**	**364.06**	2,157,402	211.05

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Supplemental Information to the Cash Flow Statement for the year ended 31 December, 2017

PARTICULARS	2017		2016	
	RMB	Rs Lacs	RMB	Rs Lacs
1. Reconciliation of net profit to cash flows from operating activities				
Net Profit	**(10,758,652)**	**(1,055.36)**	(8,814,050)	(862.24)
Add: Impairment losses on assets	-	-	-	-
Depreciation of fixed assets	**3,819,802**	**374.70**	3,832,605	374.93
Amortization of intangible assets	**171,032**	**16.78**	167,558	16.39
Amortization of long-term deferred expenses	-	-	-	-
Decrease in prepaid expenses	**115,308**	**11.31**	(25,388)	(2.48)
Increase in accrued expenses	**4,082,314**	**400.45**	(623,370)	(60.98)
Net loss on disposal of fixed assets	-	-	49,890	4.88
Loss on retirement of fixed assets	**3,505**	**0.34**	2,886	0.28
Financial expenses	**325,923**	**31.97**	1,516,960	148.40
Decrease in inventories	**(2,186,348)**	**(214.47)**	387,057	37.86
Decrease in operating receivables	**217,340**	**21.32**	3,811,699	372.88
Increase in operating payables	**7,147,551**	**701.13**	89,855	8.79
Net cash flow operating activities	**2,937,777**	**288.18**	395,702	38.71
2. Net change in cash equivalents				
Cash balance at the end of this year	**3,711,367**	**364.06**	2,157,401	211.05
Less: Cash balance at the beginning of the year	**2,157,401**	**211.63**	1,096,877	107.30
Add: Cash equivalents at the end of the year	-	-	-	-
Less: Cash equivalents at the beginning of the year	-	-	-	-
Net increase of cash and cash equivalents	**1,553,966**	**152.43**	1,060,524	103.75

NOTES TO THE FINANCIAL STATEMENTS

For the year ended Dec.31, 2017

(Unless otherwise specified, all amounts are in RMB)

1. Company background

Thermax (ZheJiang) Cooling & Heating Engineering Company Limited (the "Company") is a wholly foreign owned enterprise established in Jiaxing, Zhejiang Province in the People's Republic of China (PRC) by Thermax Limited. The Company obtained an approval certificate Shang Wai Zi-Zhe Fu Zi Jia Zi [2006] No.03662 from the People's Government of Zhejiang Province on 14 December 2006, and a unified social credit code (No.91330400796482294P) on 22 October 2015 issued by Zhejiang Province Administration of Industry and Commerce of the PRC. The registered capital is USD13, 470,000 and the paid-in capital is USD 13, 470,000.

The operating activities mainly include products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals

2. Significant accounting policies accounting estimates

2.1 Accounting regulations

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprise-Basic Standard issued in 2006, specific accounting standards issued before 2006 and the "Accounting System for Business Enterprises" as promulgated by the State of the People's Republic of China.

2.2 Accounting period

The Company adopts the calendar year as its accounting year, i.e. from January 1 to December 31.

2.3 Reporting currency

The recording currency of the Company is RMB.

2.4 Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

2.5 Translation of foreign currencies

Foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China at the beginning of the month. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences relevant to the acquisition of fixed assets are recorded as the acquisition cost of fixed assets. Exchange differences irrelevant to the acquisition of fixed assets are recorded as long-term prepaid expenses if arising during the pre-operating period or recorded as finance expenses if not.

2.6 Cash equivalents

Cash equivalents refer to short-term (due within three months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.7 provision for bad debts

Provision for bad debts on trade and other receivables is accounted for using the allowance method: Aging analysis method. Aging analysis method is based on relevant information such as past experience, actual financial position and cash flows of debtors, as well as other relevant information. Company Policy : A 100% Provision to be made for Receivables (other than Retentions) which are more than 2 years and 50% provision to be made for Receivables (other than Retentions) which are more than one year but less than two years.

Criteria for recognition of bad debts: (1) The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures or died and has no offsetting estate and obligatory undertakes. (2) The irrecoverable amount or this amount with less possibility to be recovered with sufficient evidence for a debtor who does not comply with repayment obligation after the debt becomes due.

2.8 Inventory costing method

Inventories encompass finished goods produced, or work in progress being produced by the enterprise and include materials and supplies awaiting use in the production process.

Inventories are stated at actual cost. The cost of materials is assigned using the Weighted
Moving Average Method, the cost of finished goods and work-in-progress

are assigned using specific identification of their individual costs. Low-value consumables are written-off in full when issued for use.

Inventories are measured at the lower of cost and net realizable value at the end of a period.

If inventories are damaged, they have become wholly or partially obsolete, or if their selling prices have declined. Where the net realizable value is lower than the cost, the differences is recognized as the Provision for obsolete stocks. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. As per company policy, Inventory Obsolete provision has been made for100% if Inventory aged more than two years & 50% if inventory is aged more than one year but less than two years.

2.9 Valuation and depreciation of the fixed assets

1) Fixed assets are recorded at actual costs. Fixed assets are assets held by the company for use in the production of goods and for administrative purposes. They are expected to be used for more than one year.

2) The valuation of fixed assets:

(1) Fixed assets purchased are recorded at cost plus packaging expenditure, freight, installation cost as well as related unrecoverable taxes.

(2) Fixed assets constructed by the Company are recorded at all the expenditure that is related to the construction before they are ready for their intended use.

(3) Fixed assets invested by shareholder are recorded at the confirmed value by all shareholders.

(4) Fixed assets accepted as the compensation of debts from debtors or obtained in a non-monetary transaction, are recorded at values confirmed in accordance with Debt Recombination and Non-monetary Transaction Postulates.

3) Fixed assets are depreciated using the straight-line method of the assets. The estimated useful lives, estimated residual value rate expressed as a percentage of cost and depreciation rate are as follows

Category	Estimated useful life	Estimated residual value rate	Estimated annual depreciation rate
Buildings	20 years	10%	4.5%
Machinery	10 years	10%	9%
Electronic equipment	3 -5 years	10%	18-30%

4) Fixed assets are valued at the lower of the carrying value and the recoverable amount. Individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are viewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss. When there is an indication that the need for an impairment provision record in a prior period no longer exists or has decreased; the provision for impairment loss is reversed to the extent of the impairment loss previously recognized.

2.10 Construction in progress

Construction in progress is recorded at its real costs

(1) Direct expenditure on contracted construction comprises the contract price, the original cost of machinery and equipment, installation costs, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.

(2) Direct expenditure on self-operated construction comprises the used material costs, raw material costs with tax cannot be deducted, inventory's costs with related taxes, costs of labor service provided by the Company's aided production department, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.

When the construction has reached its expected usable condition but without final accounting completed, the estimated construction cost in that account is capitalized as fixed assets in accordance with the budget, construction cost or real costs. The fixed asset's book value should be adjusted after final accounting completion.

Impairment of construction in progress should be recognized when

(1) The construction in progress is suspended for a long period and is not expected to be resumed in three years, or

(2) Construction project is technically and physically obsolete and its economic benefits to the company are uncertain.

2.11 Intangible assets

1) Intangible assets are recorded at actual costs when obtained.

2) The cost of an intangible asset are amortized evenly over its expected useful life or the effective period stipulated by law (whichever is shorter) starting in the month in which it is obtained. If neither of the above can be determined, the amortization period should not be longer than 10 years.

If an intangible asset brings no more future economic benefits, its carrying amount should be recognized in the income statement for the current period.

3) The Company reviews the carrying amount of its intangible assets as well as its recoverable net value at the balance sheet date. The difference by which the recoverable amount is lower than the carrying amount of the intangible assets should be provided for and recognized.

2.12 Long-term prepayments

Long-term prepayments are recorded at the actual costs and amortized evenly over the beneficial periods of their own. If a long-term prepayment brings no more future economic benefits, its book value should be recognized in the income statement for the current period.

2.13 Revenue recognitions

Revenue from the sale of goods is recognized with following basis:

(1) The seller has transferred the significant risks and rewards of ownership to the buyer;

(2) The seller does not retain continuing managerial involvement to the degree usually associated with ownership and does not have effective control over the goods sold;

(3) It is probable that the economic benefits associated with the transaction will flow to the enterprise;

(4) The amount of revenue and the costs incurred or to be incurred in respect of the transaction is measured reliably.

Revenue from services is recognized with following basis:

(1) When the provision of services is started and completed within the same fiscal year, revenue is recognized at the time of completion of the services when the money or the right to collect the money is received.

(2) When the provision of services is started and completed in different fiscal years, the Company recognizes the service revenue at the balance sheet date by the use of the percentage of completion method. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied: (a) the total amount of service revenue and costs can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and (c) the stage of

completion of the services provided can be measured reliably.

(3) When the result of the long construction contract can be estimated authentically, revenue from service as well as the cost should be recognized according to the percentage of completion.

2.14 Accounting for income tax

Income tax is recognized under the tax payable method.

3. TAXATION

3.1 Value Added Tax (VAT)

The company's sales of products are subjected to Value Added Tax (VAT). The applicable tax rate for domestic sales is 17%. Sale of Goods in overseas market is subject to the method of tax exemption, credit and refund, the refund rate is 17%.

3.2 Enterprise Income Tax

The statutory rate of corporate income tax applicable to the Company is 25%.

4. MAIN ITEMS OF THE FINACIAL STATEMENTS

4.1 Cash and equivalents

Items	2017-12-31			2016-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			33,771.64			28,360.81
RMB	24,297.05		24,297.05	25,100.42		25,100.42
USD	1,450.00	6.5342	9,474.59	470.00	6.9370	3,260.39
AUD						
Cash in bank			3,677,595.73			2,129,040.57
RMB	3,674,305.18		3,674,305.18	1,575,565.84		1,575,565.84
USD	499.31	6.5342	3,262.59	79,785.87	6.9370	553,474.58
EUR						
AUD	5.49	5.0928	27.96	0.03	5.0157	0.15
Total			3,711,367.37			2,157,401.38

4.2 Bill receivable

Account Age	2017-12-31			2016-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	-	-	-	500,000.00	100%	-
Total	-	-	-	500,000.00	100%	-

4.3 Accounts receivable

4.3.1 Age analysis

Account Age	2017-12-31			2016-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	15,097,443.37	53.50%		15,260,035.28	52.90%	
1-2years	3,168,044.27	11.23%	393,960.00	7,701,110.98	26.69%	1,729,040.00
2－3years	5,276,000.00	18.70%	1,789,450.00	3,870,389.00	13.42%	2,601,473.00
Over 3 years	4,676,558.15	16.57%	4,401,611.00	2,016,063.00	6.99%	1,928,027.00
Total	28,218,045.79	100.00%	6,585,021.00	28,847,598.26	100.00%	6,258,540.00

4.3.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	314,278.9	6.5342	2,053,561.19
EUR	22,000.00	7.8023	171,650.60

4.4 Other receivable

4.4.1 Age analysis

Account Age	2017-12-31			2016-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	654,495.85	76.21%		636,273.17	70.84%	-
1~2years	92,592.47	10.78%		158,070.80	17.60%	-
2~3years	22,900.00	2.67%		10,000.00	1.11%	-
Over 3 years	88,820.00	10.34%		93,896.46	10.45%	-
Total	858,808.32	100.00%		898,240.43	100.00%	

4.5 Accounts in advance

4.5.1 Age analysis

Account Age	2017-12-31			2016-12-31		
	Amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	1,719,374.45	97.19%	-	927,895.14	91.22%	-
1~2years	11,520.00	0.65%		49,270.00	4.84%	
2~3years	38,150.00	2.16%		40,000.00	3.93%	
Total	1,769,044.45	100.00%	-	1,017,165.14	100.00%	-

4.6 Inventory

Items	2017-12-31		2016-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	7,898,983.73	766,228.20	6,580,162.29	587,866.56
Finished goods	1,584,484.42	770,903.88	1,050,279.42	7,965.50
Work-in-progress	6,568,775.70	143,411.94	5,102,619.35	11,621.15
Materials in transit	8,945.32		68,688.79	
Total	16,061,189.17	1,680,544.02	12,801,749.85	607,453.21

4.7 Other current assets

Items	2017-12-31	2016-12-31
Deferred expenses	**229,270.37**	344,578.81
VAT paid	**896,841.54**	370,595.71
Total	**1,126,111.91**	715,174.52

4.8 Fixed assets and accumulated depreciation

	Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
I	Original value	60,685,526.51	83,201.36	35,053.00	60,733,674.87
	Plant and buildings	33,303,687.15			33,303,687.15
	Machinery	25,103,226.42	15,094.02		25,118,320.44
	Electronic equipment	430,280.56	43,630.62	29,500.00	444,411.18
	Office equipment	485,576.20	16,491.25	5,553.00	496,514.45
	Furniture and others	1,362,756.18	7,985.47		1,370,741.65
II	Accumulated depreciation	33,263,539.32	3,819,801.83	31,547.70	37,051,793.45
	Plant and buildings	12,728,008.00	1,498,934.82		14,226,942.82
	Machinery	18,639,141.49	2,261,307.53		20,900,449.02
	Electronic equipment	341,201.60	32,892.71	26,550.00	347,544.31
	Office equipment	427,723.54	5,826.02	4,997.70	428,551.86
	Furniture and others	1,127,464.69	20,840.75		1,148,305.44
IV	impairment of fix assets				
	Plant and buildings				
	Machinery				
	Transportation equipment				
	Office equipment				
	Furniture and others				
IV	Net value of fixed assets	27,421,987.19			23,681,881.42
	Plant and buildings	20,575,679.15			19,076,744.33
	Machinery	6,464,084.93			4,217,871.42
	Electronic equipment	89,078.96			96,866.87
	Office equipment	57,852.66			67,962.59
	Furniture and others	235,291.49			222,436.21

4.9 Intangible assets

Items	Bal. B/Y	Increase in this year	decrease in this year	Bal. E/Y
Land use right	5,598,302.03		139,088.28	5,459,213.75
3D design software	11,132.05	53,752.11	31,944.20	32,939.96
Total	5,609,434.08	53,752.11	171,032.48	5,492,153.71

4.10 Short-term loans

Bank Name	2017-12-31	2016-12-31
Citibank (china)	**16,237,419.12**	17,181,405.21
Total	**16,237,419.12**	17,181,405.21

Note: As of 31 December 2017, the bank loan borrowed from Citibank (china) Co.,Ltd. ShangHai Branch with the amount of RMB16,237,419.12 is guaranteed by Thermax limited.

4.11 Accounts payable

4.11.1 Age analysis

Account age	2017-12-31		2016-12-31	
	Amount	%	Amount	%
Within 1 year	25,055,814.15	97.89%	17,541,535.19	98.45%
1~2years	413,115.18	1.61%	163,019.62	0.91%
2~3years	17,707.17	0.07%	113,209.21	0.64%
Above 3 years	109,747.87	0.43%		
Total	25,596,384.37	100.00%	17,817,764.02	100.00%

4.11.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	977,361.45	6.5342	6,386,275.19
EUR	1,161.00	7.8023	9,058.47
Total			6,395,333.66

4.12 Deposit received

4.12.1 Age analysis

Account age	2017-12-31		2016-12-31	
	Amount	%	Amount	%
Within 1 year	3,153,875.49	79.15%	3,634,784.00	80.58%
1~2years	5,000.00	0.12%		
2~3years			456,000.00	10.11%
Over 3 years	826,000.00	20.73%	420,000.00	9.31%
Total	3,984,875.49	100.00%	4,510,784.00	100.00%

4.12.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	55,534.80	6.5342	362,875.49
Total	55,534.80		362,875.49

4.13 Accrued payroll

Item	2017-12-31	2016-12-31
Payroll for Chinese employee	646,334.23	782,862.19
Total	646,334.23	782,862.19

4.14 Tax and other fees payable

Item	2017-12-31	2016-12-31
Individual income tax	59,621.60	31,858.60
Land use tax	63,444.00	63,444.00
Stamp tax	1,077.25	2,374.69
Real estate tax payable	174,425.32	174,425.32
Water conservancy construction fund		38.89
Local education surtax		313.58
urban maintenance and construction tax		1,097.53
Education surtax		470.37
Total	298,568.17	274,022.98

4.15 Other payable

4.15.1 Age analysis

Accounting age	2017-12-31		2016-12-31	
	Amount	%	Amount	%
Within 1 year	361,927.36	78.30%	443,301.21	97.35%
1~2 years	100,277.80	21.70%		
Over 3 years			12,082.10	2.65%
Total	462,205.16	100.00%	455,383.31	100.00%

4.15.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	62.20	6.5342	406.43

4.16 Accrued expenses

Item	2017-12-31	2016-12-31
Water-Electricity-Steam fee	45,096.65	43,581.42
Insurance & Freight fee	49,174.25	24,667.17
Product warranty fee	2,817,568.73	2,560,090.94
Payroll& Bonus	1,004,001.65	344,624.37
Agency commission	2,389,786.14	2,525,573.14
Staff commission	1,815,296.17	1,713,973.64
Material and commissioning expense	2,520,984.36	2,342,512.81
Compensation	2,650,000.00	
Entertainment expenses	168,368.00	202,716.77
Travelling expenses	313,431.00	398,645.10
others	2,181,024.36	1,692,980.19
Total	15,954,731.31	11,849,365.55

4.17 Paid-in capital

Investor	Registered capital (USD)	Beg. Bal.		End. Bal.	
		USD	RMB Equivalent	USD	RMB Equivalent
Thermax Ltd.	13,470,000	13,470,000	95,039,017.37	13,470,000	95,039,017.37
Total	-	-	95,039,017.37	-	95,039,017.37

4.18 Undistributed profit

Item	Amount
Undistributed profits at beginning of the year	-74,807,846.99
Add : Net profit of this period	-10,758,651.74
Less: Appropriation of statutory surplus reserve	
Less : Appropriation of discretionary surplus reserve	
Less : Dividend payable on common stock	
Less : Common stock dividend converted into capital	
Undistributed profits at the end of the year	-85,566,498.73

4.19 Revenue from main operations and cost of main operations

Item	Revenue from main operations		Cost of main operations	
	FY2017	FY2016	FY2017	FY2016
Domestic sales	15,034,658.06	21,376,379.11	15,084,041.00	18,994,682.25
Overseas sales	50,212,964.23	37,562,693.73	40,387,532.75	30,138,451.34
Total	65,247,622.29	58,939,072.84	55,471,573.75	49,133,133.59

4.20 Profit from other operations

Item	Revenue from other operations		Cost of other operations	
	FY2017	FY2016	FY2017	FY2016
Spares Materials sales	1,645,047.86	1,077,019.02	1,206,022.69	516,864.73
Scrap Material sales	159,432.53	75,253.68		-
Service revenue	1,197,775.99	908,360.33	135,784.50	232,288.76
Total	3,002,256.38	2,060,633.03	1,341,807.19	749,153.49

4.21 Tax and surcharge

Items	FY2017	FY2016
Stamp tax	32,309.56	20,154.16
Land use tax	126,888.00	84,592.00
building tax	348,850.64	232,567.09
Water conservancy construction fund	-38.89	17,247.41
Security for the disabled	39,394.05	15,200.00
operating tax		6,491.56
Local education surtax	122,674.64	113,632.39
urban maintenance and construction tax	429,361.27	397,713.33
Education surtax	184,011.97	170,448.58
Total	1,283,451.24	1,058,046.52

4.22 Operation expenses

Items	FY2017	FY2016
Salaries and welfare	2,903,666.53	2,368,123.23
Warranty and FOC	4,999,862.21	2,152,848.02
Business trip	483,234.25	772,301.34
Entertainment expenses	240,399.23	370,607.96
Consulting fee	539,136.92	200,574.75
House Rent	205,665.35	233,676.21
Freight and Loading fee	177,029.71	337,252.76
Exported fee	877,078.52	479,995.44
Office expenses	18,794.79	18,836.72
Advertisement	1,500.00	1,833.35
Communication fee	46,115.25	64,530.20
Depreciation	11,100.63	12,772.71
Others	275,452.92	240,043.98
Total	10,779,036.31	7,253,396.67

4.23 General and administrative expenses

Items	FY2017	FY2016
Salaries and welfare	4,657,338.27	4,082,031.49
Consulting expenses	818,660.16	250,289.14
Taxes		201,675.97
Deprecation	369,299.06	371,574.93
Car expenses	228,253.62	225,062.83
Maintain expense	6,003.85	4,007.71
House rent	377,711.91	295,400.00
Travel expenses	787,506.51	897,009.82
Amortization	171,032.48	167,558.02
Provision for obsolete stocks	1,073,090.81	282,634.40
Insurance	186,010.67	180,612.76
Communication expenses	105,490.08	116,608.45
Office expenses	96,385.23	107,765.50
Entertainment expenses	153,284.17	200,625.41
Bad debt reserves	326,481.00	2,154,875.00
Others	362,144.89	406,731.44
Total	9,718,692.71	9,944,462.87

4.24 Financial expenses

Items	FY2017	FY2016
Interest expense	693,616.91	741,386.17
Less-interest income	-11,644.90	-4,128.10
Exchange Loss	-363,205.09	822,000.92
Others	173,933.26	118,348.32
Total	492,700.18	1,677,607.31

4.25 Revenue from subsidies

Items	FY2017	FY2016
Tax refund	6,285.08	8,375.31
Government subsidies	26,842.79	80,305.20
Total	33,127.87	88,680.51

4.26 Non-operating revenue

Items	FY2017	FY2016
Others	52,224.10	3,551.47
Total	52,224.10	3,551.47

4.27 Non-operating expenses

Items	FY2017	FY2016
Disposal of fixed value property loss	3,505.30	52,775.98
Others	3,116.00	37,411.87
Total	6,621.30	90,187.85

5. Related parties and related party transactions

5.1 Related parties

(1) Related party under control

Name of related parties	Relationship with the company
Thermax Ltd.	Parent company
RDA HOLDINGS PRIVATE LIMITED	Ultimate holding company

(2) Related Party where control does not exist, but transactions occurred

Name of related parties	Relationship with the company
THERMAX INC	Under a common control of the same ultimate holding company
Thermax Europe Limited	Under a common control of the same ultimate holding company

5.2 Related party transactions

1. Purchases of goods and services

Name of related parties	FY2017	FY2016
Thermax Ltd.	1,584,640.81	842,847.66
Thermax Inc		33,682.20
Thermax Europe Limited		251,780.18
Total	1,584,640.81	1,128,310.04

2. Sales of goods and services

Name of related parties	FY2017	FY2016
THERMAX INC		4,356,993.57
Thermax Europe Limited	10,938,206.11	6,086,986.96
Thermax Ltd.	5,539,208.26	13,137,164.32
Total	16,477,414.37	23,581,144.85

Amounts due from/to related parties

Name of related parties	Account	Amount
Thermax Ltd.	Accounts receivable	68,596.03
Thermax Ltd.	Accounts payable	734,522.49
Thermax Ltd.	Accounts payable-in transit	8,945.32
Thermax Europe Limited	Accounts receivable	171,650.60

6. CONTINGENT EVENTS

As the date of report, the company has two pieces of pending litigation.

(1) In 2014, the company sold a chiller to Yanzhou Coking (the customer), pricing 1.72 million Yuan. The customer was accusing Thermax(Jiaxing) of chiller operating abnormally, customer demands terminating the contract, paying back the down payment of 0.98million Yuan and compensating of 3.36 million Yuan. The case is on trial.

(2) On the January 2017, Bayan Yubao heating power CO.LTD (the customer) sued the company due to the machine quality problem. Heilongjiang court on December 18, 2017, during the first hearing on the case, ordered the company to compensate the customer 5.3058m Yuan. The company appeal against the judgment on January 3th, 2018 and the date of the second hearing is uncertain. The company had accrued 2.65m provision for this matter.

7. NON-ADJUSTMENT EVENTS IN FUTURE EVENTS OF BALANCE SHEET

End of the date of the financial report issued, the company has no non-adjustment events in future events of the balance sheet to be disclosed.

8. BANK GUARANTEE

As at the balance sheet date, the Citi bank had opened the guarantee letter of RMB382,515.00, USD 259,458.85and the letter of credit of USD760,000.00 for the company .

9. Others

The Mark to Market figure of the company's forward FX contracts is USD12,060.66 as of 2017-12-31.

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

THERMAX NETHERLANDS B. V.

Executive Board	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar TMF Netherlands B. V.	Herikerbergweg 238, Luna Arena, 1101 CM Amsterdam Zuidoost, The Netherlands.	Ernst & Young Accountants LLP Cross Towers Antonio Vivaldistraat 150 1008 A B Amsterdam The Netherlands

Independent auditor's report

To: the general meeting of shareholders of Thermax Netherland B.V.

Report on the audit of the financial statements for the year ended 31 March 2018 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2018 of Thermax Netherlands B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Thermax Netherland B.V. as at 31 March 2018, and of its result for the year ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 March 2018
- The profit and loss account for the year then ended
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "our responsibilities for the audit of the financial statements" section of our report.

We are independent of Thermax Netherland B.V. In accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act). the verordening inzank de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for professional Accountants, a regulation with respect to independence) and other relevant independence regulation in the Netherland. Furthermore we have complied with the verodening gedrags-en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Report on other information included in the annual report

in addition to the financial statements and our auditor's report thereon, the annual report contains other information that consist of:

- Other information pursuant to part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the Procedures performed is less than the scope of those performed our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statement in accordance with part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit to the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and ate considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standard on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit's report to the related disclosures in the financial statements or, it such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's reports. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation

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

Amsterdam, 16 May 2018

Ernst & Young Accountants LLP

Signed By: J. Tunggalwidjaja

Balance Sheet as at March 31, 2018

(Before proposal appropriation of result)

ASSETS	Note No	31 March 2018		31 March 2017	
		Euro	**Rs Lacs**	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Participations in group companies	1	**2,20,21,767**	**17,686.89**	2,00,21,767	13,825.72
		2,20,21,767	**17,686.89**	2,00,21,767	13,825.72
CURRENT ASSETS:					
Receivable					
Prepaid expenses		**11,985**	**9.63**	10,430	7.20
Cash and cash Equivalents	2	**2,24,466**	**180.28**	2,67,658	184.83
		2,22,58,218	**17,876.80**	2,02,99,855	14,017.75
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	3				
Issued Share capital		**2,25,00,000**	**18,070.99**	2,05,00,000	14,155.96
Accumulated results		**(2,34,528)**	**(188.36)**	(1,99,457)	(137.73)
Result for the year		**(35,565)**	**(28.56)**	(35,071)	(24.22)
		2,22,29,907	**17,854.06**	2,02,65,472	13,994.01
Short-term liabilities					
Trade creditors		**15,908**	**12.78**	19,278	13.31
Other liabilities and accrued expenses	4	**12,403**	**9.96**	15,105	10.43
		28,311	**22.74**	34,383	23.74
TOTAL LIABILITIES		**2,22,58,218**	**17,876.80**	2,02,99,855	14,017.75

Exchange Rate as on 31 March 2017 is 1 Euro = 80.3155

Exchange Rate as on 31 March 2017 is 1 Euro = 69.0534

Profit and loss account for the period 01-04-2017 until 31-03-2018

	Note No	01-04-2017 / 31-03-2018		01-04-2016 / 31-03-2017	
		Euro	**Rs Lacs**	Euro	Rs Lacs
Other opeating expenses	5	**(35,565)**	**(28.56)**	(35,071)	(24.22)
Net result before taxation		**(35,565)**	**(28.56)**	(35,071)	(24.22)
Taxation		**-**	**-**	-	-
Net result after taxation		**(35,565)**	**(28.56)**	(35,071)	(24.22)

Statement of Changes in Equity for the period ended March 31, 2018

	Issued share capital		Accumulated results		Result for the year		Total	
	Euro	**Rs Lacs**	**Euro**	**Rs Lacs**	**Euro**	**Rs Lacs**	**Euro**	**Rs Lacs**
Balance as at 1 April 2017	2,05,00,000	16,464.68	(1,99,457)	(160.19)	(35,071)	(28.17)	2,02,65,472	16,276.32
Result for the year	-	-	-	-	(35,565)	(28.56)	(35,565)	(28.56)
Appropriation of result	-	-	(35,071)	(28.17)	35,071	28.17	-	-
Share Issue	20,00,000	1,606.31	-	-	-	-	20,00,000	1,606.31
Balance as at 31 March 2018	2,25,00,000	18,070.99	(2,34,528)	(188.36)	(35,565)	(28.56)	2,22,29,907	17,854.06

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. On 20 September 2017 the company issued 2,000,000 shares of EUR 1 each, amounting to EUR 2,000,000.As at 31 March 2018, 22,500,000 (2017: 20,500,000) shares were issued and fully paid up.

THERMAX NETHERLANDS B. V.

Notes to the financial statements March 31, 2018

General notes

The most important activities of the entity

Thermax Netherlands B.V. (hereinafter 'the Company'), a private limited liability company, having its statutory seat in Amsterdam and its place of business at Herikerbergweg 238, 1101CM, Amsterdam, the Netherlands, was incorporated under the laws of the Netherlands on 5 November 2010. The Company is wholly owned by Thermax Limited registered in Chinchwad Pune, India. The Company is registered at the trade register under number 51219352.

The principal activity of the Company is to act as a holding company.

The Company has made use of the exemption allowed by Article 396, Paragraph 6, Part 9, Book 2 of the Dutch Civil Code in not presenting a Managing Directors report.

The exemption of consolidation

Consolidation has not taken place, since the Company makes use of Article 408, Part 9, Book 2 of the Dutch Civil Code and consequently will file the consolidated financial statements of its parent company Thermax Limited, India with the trade register in the Netherlands.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements have been drawn up in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost. In the balance sheet and the profit and loss account, references are made to the notes.

Conversion of amounts denominated in foreign currency

All monetary assets and liabilities expressed in currencies other than EUR have been translated at the rates of exchange prevailing at the balance sheet date, whereas non monetary assets expressed in currencies other than EUR are translated at historical rates. All transactions in foreign currencies have been translated into EUR at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences have been recognised in the Profit and loss account.

Accounting principles

Financial assets

Participations are valued at historical cost. The result represents the dividend declared in the reporting year.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash and cash equivalents are valued at nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set off from previous financial years and exempt profit components and after the addition of non deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

		31-03-2018	31-03-2017
		EUR	EUR
1	**Participations in group companies**		
	Thermax Denmark ApS (100%)	**22,021,767**	20,021,767

	01-04-2017 / 31-03-2018	01-04-2016 / 31-03-2017
	EUR	EUR
Thermax Denmark ApS (100%)		
Book value as at 1 April	**20,021,767**	20,021,767
Investments	**2,000,000**	-
Book value as at 31 March	**22,021,767**	20,021,767

On 8 November 2010 the Company subscribed for 74,920,000 newly issued shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 20,000,000.

On 22 June 2011 the Company acquired the remaining 80,000 shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 21,767.

On 19 April 2017 the Company invested EUR 2,000,000. As per 31 March 2018 the Company holds 100% of the issued share capital of Thermax Denmark Aps. The total amount involved was EUR 22,021,767.

2 Cash and cash equivalents

Cash and cash equivalents are available on demand.

3 Shareholders' equity

Movements in equity were as follows:

	Issued share capital	**Accumulated results**	**Result for the year**	**Total**
	EUR	EUR	EUR	EUR
Balance as at 1 April 2017	20,500,000	(199,457)	(35,071)	20,265,472
Result for the year	-	-	(35,565)	(35,565)
Appropriation of result	-	(35,071)	35,071	-
Share issue	2,000,000	-	-	2,000,000
Balance as at 31 March 2018	22,500,000	(234,528)	(35,565)	22,229,907

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to

EUR 30,000,000. On 20 September 2017 the Company issued 2,000,000 shares of EUR 1 each, amounting to

EUR 2,000,000. As at 31 March 2018 22,500,000 (2017: 20,500,000) shares were issued and fully paid up.

4 Other liabilities and accrued expenses

	31-03-2018	31-03-2017
	EUR	EUR
Accrued tax advisory fees	**3,025**	6,000
Accrued audit fees	**9,378**	9,105
	12,403	15,105

	01-04-2017 / 31-03-2018	01-04-2016 / 31-03-2017
	EUR	EUR

5 Other operating expenses

	01-04-2017 / 31-03-2018	01-04-2016 / 31-03-2017
	EUR	EUR
Administrative expenses	35,565	35,071

	01-04-2017 / 31-03-2018	01-04-2016 / 31-03-2017
	EUR	EUR
Administrative expenses		
Accounting fees	14,337	11,495
Management fees	5,528	5,757
Au¬dit fees	9,650	10,211
Tax advisory fees	(145)	6,525
Legal fees	3,802	-
Bank charges	2,393	1,083
	35,565	35,071

Subsequent events
No events have occurred since 31 March 2018 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Appropriation of result
The Management proposes to carry forward the result for the financial year under review.

Average number of employees
The Company does not employ any staff (2017: nil) and hence incurred no salary, related social security charges or pension costs in 2018 and 2017.

Managing directors
The Board of Directors consists of two members (2017: two) who served without remuneration and does not have a Board of Supervisory Directors.

Amsterdam,

Mr. H.P. Mohgaonkar   TMF Netherlands B.V.

Other information

1. Auditors' opinion

The auditors' report is presented on the next page.

THERMAX DENMARK APS

Board of Directors	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar ***Amitabha Mukhopadhyay***	***Industrivej Nord 13*** ***DK-7400 Herning***	***Emst & Young*** ***Godkendt Revisionspartnerselskab*** ***Havnegade 33*** ***DK 6700 Esbjerg.***

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2017 – 31 March 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2018 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year
1 April 2017 – 31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 25 April 2018
Executive Board:

Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay

Independent auditor's report

To the shareholders of Thermax Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Thermax Denmark ApS for the financial year 1 April 2017 – 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 25 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
MNE no.: mne35420

Management's review

Company details

Name	Thermax Denmark ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	33 25 57 48
Established	29 October 2010
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar
	Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	Havnegade 33
	DK-6700 Esbjerg

THERMAX DENMARK APS

Financial highlights for the Group

DKKm	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	285	292	261	303	479
Operating profit	-16	4	2	-60	16
Profit from financial income and expenses	-4	-4	-5	-5	-5
Profit before tax	-18	1	-3	-66	11
Profit/loss for the year	**-17**	**-1**	**-3**	**-64**	**7**
Non-current assets	154	140	147	157	199
Current assets	106	87	84	85	172
Total assets	**260**	**226**	**232**	**242**	**372**
Equity	**99**	**101**	**101**	**103**	**167**
Provisions	16	17	17	19	22
Non-current liabilities other than provisions	45	43	24	44	65
Current liabilities other than provisions	99	66	89	76	118
Cash flows from operating activities	-23	26	-7	20	10
Cash flows from investing activities	-27	-4	-3	-2	-20
Portion relating to investment in property, plant and equipment	-26	-2	-3	-2	-3
Cash flows from financing activities	28	0	-20	-20	-10
Total cash flows	**-22**	**22**	**-30**	**-2**	**-20**
Financial ratios					
Operating margin	-5.6	1.5	0.8	-4.8	3.3
Equity ratio	38.0	44.5	43.7	42.6	45.0
Return on equity	-17.0	-1.2	-2.9	-47.3	4.2
Average number of full-time employees	**290**	**204**	**214**	**259**	**330**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Operating review

Principal activities of the Company

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V., which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. The ultimate holding company of Thermax Ltd. is RDA Holdings Private Limited, Pune, India.

The main activity of the company is owning shares in the fully-owned daughter companies Danstoker A/S and Ejendomsanpartssselskabet Industrivej Nord 13" (estate company). All operational activities take place within these respective daughter companies.

Danstoker A/S is the parent company of Boilerworks A/S and Danstoker Poland S.p. z.o.o.

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based biofuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

The activity of "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease estate, which is also the activity in the wholly owned subsidiary Boilerworks Properties ApS.

Development in activities and financial position

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. The result achieved is not satisfactory.

Profit for the year before tax of DKK -18,387 thousand and after tax of DKK -16,603 thousand, respectively, is deemed not satisfactory by the Management.

Danstoker A/S

Danstoker A/S has had a lower level of activity than expected within the biomass segment but has nevertheless been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the new setup in Poland we will develop a stronger position in the east part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the after-sales services activities have developed positively.

Danstoker has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

Boilerworks A/S

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re-establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Boilerworks is highly active within the area of service, and the Company has been able to re-establish its position as one of the leading operators in Scandinavia within this segment.

Danstoker Poland S.p. z.o.o

The Company has been acquired in 2017/18.

Danstoker Poland designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2016/17. The result achieved is deemed satisfactory.

Future outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is significant higher than last year and satisfactory.

The improved order fulfilment in Thermax Denmark Group has resulted in improvements, and throughout the coming year, Thermax Denmark Group will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Thermax Denmark Group to create 3 profitable, strong and individually independent sales companies in Danstoker A/S, Danstoker Poland Sp. Z o.o. and Boilerworks, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets, where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Thermax Denmark is not of the opinion that the Group is facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO2 will in the long term contribute to making our CO2-neutral products within biofuels even more relevant and will contribute to securing the Thermax Denmark Group's continued positive development.

Satisfactory results are expected for the financial year 2018/19.

Particular risks

The Management of the Group is of the opinion that it is not faced with special long-term risks, neither in terms of its markets, nor otherwise.

Social Responsibility

With regard to §99a of the Financial Statements Act on policies regarding Social Responsibility including human rights, climate- and environmental impact, it should be noted that the Thermax Denmark Group does not, so far, have such written policies.

However, it is the declared intention of the Group in every respect and at any time to run a decent and responsible business, in compliance with all existing laws and regulations as well as with human rights.

Gender diversity

The Executive Board of Thermax Denmark ApS wants to give equal access to leadership positions for members of both sexes and believes that board members should be chosen for their overall competence.

Taking this in consideration and the Group's size and primary business area, it is however the Group's aim to have a 50 % / 50 % male-female balance in the Group's Executive Board before 31 March 2021. The aim has not yet been fulfilled in the parent company as the Group's Executive Board of two men is unchanged in 2017/18.

It is the Group's policy that management positions are to be filled by the most qualified candidates, while both male and female management talents are trained and upgraded. The proportion of female managers is unchanged in 2017/18.

Knowledge resources

The Thermax Denmark Group performs current development of processes and upgrading of employees.

Environmental conditions

The Thermax Denmark Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group. The Group companies have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

THERMAX DENMARK APS

Consolidated financial statements and parent company financial statements for the period 1 April 2017 - 31 March 2018

Balance sheet

	Notes	**2017/18**		2016/17		**2017/18**		2016/17	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS									
Non-current assets									
Intangible assets	8								
Development completed		**-**	**-**	6	0.56	**-**	**-**	-	-
Licences, software		**2,703**	**291.22**	134	12.45	**-**	**-**	-	-
Goodwill		**89,332**	**9,624.50**	96,411	8,955.41	**-**	**-**	-	-
Prepayments for intangible assets		**-**	**-**	1,602	148.81	**-**	**-**	-	-
		92,035	**9,915.72**	98,153	9,117.22	**-**	**-**	-	-
Property, plant and equipment	9								
Land and buildings		**50,056**	**5,392.96**	31,345	2,911.57	**-**	**-**	-	-
Plant and machinery		**10,027**	**1,080.29**	8,695	807.66	**-**	**-**	-	-
Fixtures and fittings, tools and equipment		**1,482**	**159.67**	1,228	114.07	**-**	**-**	-	-
Property, plant and equipment under construction		**-**	**-**	228	21.18	**-**	**-**	-	-
		61,565	**6,632.93**	41,496	3,854.47	**-**	**-**	-	-
Investments	10								
Investments in subsidiaries		**-**	**-**	-	-	**140,251**	**15,110.45**	140,686	13,068.02
		-	**-**	-	-	**140,251**	**15,110.45**	140,686	13,068.02
Total non-current assets		**153,600**	**16,548.65**	139,649	12,971.69	**140,251**	**15,110.45**	140,686	13,068.02
Current assets									
Inventories									
Raw materials and consumables		**16,250**	**1,750.75**	13,745	1,276.74	**-**	**-**	-	-
Semi-finished goods		**3,117**	**335.82**	3,012	279.78	**-**	**-**	-	-
finished goods		**4**	**0.43**	-	-	**-**	**-**	-	-
		19,371	**2,087.00**	16,757	1,556.52	**-**	**-**	-	-
Receivables									
Trade receivables		**24,188**	**2,605.98**	14,818	1,376.41	**-**	**-**	-	-
Deffered Tax assets	13	**-**	**-**	-	-	**206**	**22.19**	34	3.16
Work in progress (customer-specific orders)	11	**55,815**	**6,013.43**	50,633	4,703.19	**-**	**-**	-	-
Amounts owed by group companies		**-**	**-**	25	2.32	**4,751**	**511.87**	3,791	352.14
Corporation tax receivable		**898**	**96.75**	-	-	**898**	**96.75**	-	-
Other receivables		**4,096**	**441.30**	1,862	172.96	**-**	**-**	-	-
Prepayments	12	**1,254**	**135.10**	1,400	130.04	**-**	**-**	-	-
		86,251	**9,292.56**	68,738	6,384.92	**5,855**	**630.81**	3,825	355.30
Cash at bank and in hand		**1,010**	**108.82**	1,100	102.18	**10**	**1.08**	206	19.13
Total current assets		**106,632**	**11,488.38**	86,595	8,043.62	**5,865**	**631.89**	4,031	374.43
Total assets		**260,232**	**28,037.03**	226,244	21,015.32	**146,116**	**15,742.33**	144,717	13,442.45
EQUITY AND LIABILITIES									
Equity									
Share capital		**89,829**	**9,678.05**	75,000	6,966.59	**89,829**	**9,678.05**	75,000	6,966.59
Net revaluation according to the equity method		**-**	**-**	-	-	**-**	**-**	-	-
Retained earnings		**9,617**	**1,036.12**	25,721	2,389.17	**9,617**	**1,036.12**	25,721	2,389.17
Total equity		**99,446**	**10,714.17**	100,721	9,355.76	**99,446**	**10,714.17**	100,721	9,355.76
Provisions									
Deferred tax	13	**10,482**	**1,129.32**	11,819	1,097.84	**-**	**-**	-	-
Other provisions	14	**5,859**	**631.24**	5,356	497.51	**-**	**-**	-	-
Total provisions		**16,341**	**1,760.56**	17,175	1,595.35	**-**	**-**	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions	15								
Mortgage credit institutions		**12,836**	**1,382.93**	13,752	1,277.39	**-**	**-**	-	-
Bank loans		**31,668**	**3,411.87**	27,892	2,590.83	**31,668**	**3,411.87**	27,892	2,590.83
Lease liabilites		**814**	**87.70**	937	87.04	**-**	**-**	-	-
		45,318	**4,882.50**	42,581	3,955.26	**31,668**	**3,411.87**	27,892	2,590.83

	Notes	2017/18		2016/17		2017/18		2016/17	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Current liabilities other than provisions									
Current portion of non-current liabilities other than provisions	15	**12,387**	**1,334.56**	1,466	136.17	**11,177**	**1,204.19**	-	-
Bank loans		**22,250**	**2,397.18**	798	74.12	**-**	**-**	-	-
Prepayments received from customers	11	**9,613**	**1,035.69**	12,462	1,157.57	**-**	**-**	-	-
Trade payables		**26,552**	**2,860.68**	20,241	1,880.14	**-**	**-**	-	-
Amounts owed to group companies		**3,208**	**345.63**	4,484	416.51	**3,616**	**389.58**	15,928	1,479.52
Other payables		**25,117**	**2,706.07**	26,156	2,429.57	**209**	**22.52**	176	16.35
Deferred Income		**-**	**-**	160	14.86	**-**	**-**	-	-
		99,127	**10,679.80**	65,767	6,108.95	**15,002**	**1,616.29**	16,104	1,495.87
Total liabilities other than provisions		**144,445**	**15,562.30**	108,348	10,064.21	**46,670**	**5,028.16**	43,996	4,086.69
Total equity and liabilities		**260,232**	**28,037.03**	226,244	21,015.32	**146,116**	**15,742.33**	144,717	13,442.45

1 Accounting Policies

16 Contractual Obligations & Contingencies, Etc.

17 Mortgages & Collateral

18 Related Party Disclosures

Income Statement

	Notes	2017/18		2016/17		2017/18		2016/17	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Revenue	2	**285,164**	**30,723.17**	292,192	27,141.08	**-**	**-**	-	-
Production costs	3	**(255,055)**	**(27,479.27)**	(251,581)	(23,368.82)	**-**	**-**	-	-
Gross profit		**30,109**	**3,243.90**	40,611	3,772.27	**-**	**-**	-	-
Distribution costs	3	**(21,282)**	**(2,292.89)**	(16,484)	(1,531.16)	**-**	**-**	-	-
Administrative expenses	3,4	**(25,168)**	**(2,711.57)**	(19,715)	(1,831.28)	**(113)**	**(12.17)**	(109)	(10.12)
Other operating income		**584**	**62.92**	23	2.14	**-**	**-**	-	-
Operating profit		**(15,757)**	**(1,697.64)**	4,435	411.96	**(113)**	**(12.17)**	(109)	(10.12)
Profits/losses from investments in subsidiaries	10	**-**	**-**	-	-	**(15,734)**	**(1,695.16)**	520	48.30
Financial income	5	**1,530**	**164.84**	1,650	153.26	**23**	**2.48**	49	4.55
Financial expenses	6	**(4,160)**	**(448.19)**	(5,480)	(509.03)	**(1,087)**	**(117.11)**	(2,190)	(203.42)
Profit before tax		**(18,387)**	**(1,980.99)**	605	56.20	**(16,911)**	**(1,821.97)**	(1,730)	(160.70)
Tax on profit for the year	7	**1,784**	**192.21**	(1,827)	(169.71)	**308**	**33.18**	508	47.19
Profit for the year		**(16,603)**	**(1,788.78)**	(1,222)	(113.51)	**(16,603)**	**(1,788.78)**	(1,222)	(113.51)

Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739

Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

THERMAX DENMARK APS

Statement of Changes in Equity for the period 1st April 2016 to 31st March 2018

Particulars	Notes	Consolidated					
		Share capital		Retained earnings		Total	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2017/18		75,000	8,080.39	25,721	2,771.14	100,721	10,851.54
Transfer see "Proposed profit / loss appropriation	19	-	-	(16,603)	(1,788.78)	(16,603)	(1,788.78)
Capital increase		14,829	1,597.66	-	-	14,829	1,597.66
Change in value adjustments of hedging instruments in investments		-	-	640	68.95	640	68.95
Tax on equity transactions		-	-	(141)	(15.19)	(141)	(15.19)
Equity at 31 March 2018		89,829	9,678.05	9,617	1,036.12	99,446	10,714.17

Particulars		Parent company							
		Share capital		Reserve for net revaluation under the equity method		Retained earnings		Total	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2017		75,000	8,080.39	-	-	25,721	2,771.14	100,721	10,851.54
Transfer see "Proposed profit / loss appropriation	19	-	-	(499)	(53.76)	(16,104)	(1,735.02)	(16,603)	(1,788.78)
Capital increase		14,829	1,597.66	-	-	-	-	14,829	1,597.66
Change in value adjustments of hedging instruments in investments		-	-	640	68.95	-	-	640	68.95
Tax on equity transactions		-	-	(141)	(15.19)	-	-	(141)	(15.19)
Equity at 31 March 2018		89,829	9,678.05	-	-	9,617	1,036.12	99,446	10,714.17

The share capital comprises 89,828,800 shares of DKK 1 each. All shares rank equally.

Cash flow statement, consolidated

	2017/18		2016/17	
	DKK'000	Rs.Lacs	DKK'000	Rs.Lacs
Net profit for the year before tax	**(18,387)**	**(1,980.99)**	605	56.20
Depreciation for the year and gains from sales of fixed assets	**13,082**	**1,409.44**	11,951	1,110.10
Changes in equity before tax	**640**	**68.95**	1,050	97.53
Corporation tax paid, net	**(394)**	**(42.45)**	78	7.25
Cash flows from operations (operating activities) before changes in working capital	**(5,059)**	**(545.05)**	13,684	1,271.08
Change in inventories	**(2,614)**	**(281.63)**	(1,406)	(130.60)
Change in receivables and work in progress	**(16,640)**	**(1,792.77)**	(1,503)	(139.61)
Change in provisions	**503**	**54.19**	(2,313)	(214.85)
Change in current liabilities	**(405)**	**(43.63)**	17,618	1,636.50
Cash flows from operating activities	**(24,215)**	**(2,608.89)**	26,080	2,422.51
Acquisition of intangible asset	**(1,041)**	**(112.16)**	(1,738)	(161.44)
Acquisition of property, plant and equipment, net	**(1,237)**	**(133.27)**	(2,450)	(227.58)
Acquisition of subsidiary	**(23,536)**	**(2,535.74)**	-	-
Cash flows from investing activities	**(25,814)**	**(2,781.16)**	(4,188)	(389.01)
Capital Increase	**14,829**	**1,597.66**	-	-
Mortage of new loans	**14,903**	**1,605.63**	-	-
Repayment of long-term debt	**(1,245)**	**(134.13)**	(187)	(17.37)
Cash flows from financing activities	**28,487**	**3,069**	(187)	(17)
Net cash flows for the year	**(21,542)**	**(2,320.90)**	21,705	2,016.13
Cash and cash equivalents at 1 April 2017	**302**	**32.54**	(21,403)	(1,988.08)
Cash and cash equivalents at 31 March 2018	**(21,240)**	**(2,288.37)**	302	28.05
Cash, cash equivalents and bank loans				
Cash at bank and in hand	**1,010**	**108.82**	1,100	102.18
Bank loans, current liabilities	**(22,250)**	**(2,397.18)**	(798)	(74.12)
Cash, cash equivalents and bank loans	**(21,240)**	**(2,288.37)**	302	28.05

Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739

Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the parent company is prepared, as the parent company's cash flows are part of the consolidated cash flow statement.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Thermax Denmark ApS, and subsidiaries in which Thermax Denmark ApS directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 and 50 % of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, please see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements, is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequent-ly measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Contract work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs
Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, due to strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software rights are measured at cost less accumulated amortisation and impairment losses. Software rights are amortised on a straight-line basis over the expected useful life which has been fixed at three years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development costs, software rights, and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30-50 years
Roofing tiles and paving stones	20 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Thermax Denmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, please see Consolidated financial statements above.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use.

The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order is immediately recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In its capacity as the administrative company, Thermax Denmark ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, guarantees etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Financial ratios

The financial statements have been prepared in accordance with the same accounting policies as last year.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin $\dfrac{\text{Operating margin x 100}}{\text{Revenue}}$

Equity ratio $\dfrac{\text{Equiety Year end x 100}}{\text{Total Equiety \& Liabilities at year end}}$

Return on equity $\dfrac{\text{Prifit from ordinary activities - after tax x 100}}{\text{Average equity}}$

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2017/18	2016/17	2017/18	2016/17
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	280,941	287,126	0	0
	Outside Europe	4,223	5,066	0	0
		285,164	292,192	0	0
3	**Employee relations**				
	Wages and salaries	109,973	93,892	0	0
	Pensions	6,807	6,585	0	0
	Other social security costs	839	927	0	0
		117,619	101,404	0	0
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	290	204	0	0
4	**Fees paid to auditors appointed at the annual general meeting**				
	Fee regarding statutory audit	356	302	19	19
	Assurance engagements	372	381	57	46
	Tax assistance	66	30	10	8
	Other assistance	172	100	23	26
		966	813	109	99
5	**Financial income**				
	Interest income from group enterprises	0	0	0	0
	Other financial income	1,530	1,650	23	49
		1,530	1,650	23	49
6	**Financial expenses**				
	Interest expense for group enterprises	0	0	79	454
	Other interest expense	4,160	5,480	1,008	1,736
		4,160	5,480	1,087	2,190
7	**Tax on the profit for the year**				
	Current tax for the year	-407	0	-137	-314
	Deferred tax adjustment for the year	-1,062	2,045	-122	-34
	Prior-year adjustments	-186	12	-49	-13
		-1,655	2,057	-308	-361
	Specified as follows:				
	Tax on profit for the year	-1,784	1,827	-308	-508
	Tax on changes in equity	129	230	0	147
		-1,655	2,057	-308	-361

8 Intangible assets
Consolidated

DKK'000	**Develop-ment completed**	**Licences, software**	**Goodwill**	**Prepay-ments for intangible assets**	**Total**
Cost at 1 April 2017	210	1,461	141,569	1,602	144,842
Additions	0	1,041	0	0	1,041
Transferred	0	1,602	0	-1,602	0
Cost at 31 March 2018	210	4,104	141,569	0	145,883
Impairment losses and amortisation at 1 April 2017	204	1,327	45,158	0	46,689
Amortisation	6	74	7,079	0	7,159
Impairment losses and amortisation at 31 March 2018	210	1,401	52,237	0	53,848
Carrying amount at 31 March 2018	0	2,703	89,332	0	92,035

9 Property, plant and equipment Consolidated

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Plants and equipment under construction	Total
Cost at 1 April 2017	37,439	21,517	2,328	228	61,512
Additions	224	324	948	0	1,496
Additions from acquisition of subsidiaries	20,070	4,685	0	0	24,755
Disposals	0	-741	-630	0	-1,371
Transferred	0	228	0	-228	0
Cost at 31 March 2018	57,733	26,013	2,646	0	86,392
Impairment losses and depreciation at 1 April 2017	6,094	12,822	1,101	0	20,017
Depreciation and impairment losses	1,583	3,859	565	0	6,007
Disposals	0	-695	-502	0	-1,197
Impairment losses and depreciation at 31 March 2018	7,677	15,986	1,164	0	24,827
Carrying amount at 31 March 2018	50,056	10,027	1,482	0	61,565
Property, plant and equipment include finance leases with a carrying amount totalling	0	518	827	0	1,345

10 Investments Parent

DKK'000	Investments in subsidiary
Cost at 1 April 2017	218,925
Additions	14,800
Cost at 31 March 2018	233,725
Value adjustments at 1 April 2017	-78,239
Profits for the year	-8,761
Change in value adjustments of hedging instruments in investments	499
Depreciation, goodwill	-6,973
Value adjustments at 31 March 2018	-93,474
Carrying amount at 31 March 2018	140,251

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit / loss before tax	Profit / loss after tax
Danstoker A/S	Herning, Denmark	100 %	10,001	35,296	-14,101	-12,244
Ejendomsanparts-selskabet Indu strivej Nord 13	Herning, Denmark	100 %	200	17,217	4,028	3,483
Boilerworks A/S	Tønder, Denmark	100 %	500	615	129	106
Boilerworks Properties ApS	Herning, Denmark	100 %	80	6,178	1,989	1,552
Danstoker Poland	Poland	100 %	9	-4,932	-5,565	-4,941

DKK'000	Consolidated 2017/18	Consolidated 2016/17	Parent company 2017/18	Parent company 2016/17
11 Deferred tax				
Deferred tax at 1 April 2017	**11,819**	9,773	**-34**	0
Deferred tax adjustment	**-1,248**	2,046	**-171**	-34
Deferred tax from acquisition of subsidiaries	**-89**	0	**0**	0
Deferred tax at 31 March 2018	**10,482**	11,819	**-205**	-34

Deferred tax relates to non-current assets and work in progress (advance on account).

12 Work in progress (customer-specific orders) Consolidated

DKK'000	2017/18	2016/17
Work in progress	**253,185**	187,546
Payment on account	**-206,983**	-149,375
	46,202	38,171
Recognised as follows:		
Work in progress (customerspecific orders) (assets)	**55,815**	50,633
Prepayments received from customers (liabilities)	**-9,613**	-12,462
	46,202	38,171

13 Prepayments Consolidated

Prepaid insurance premiums	**936**	913
Other prepaid costs	**318**	487
	1,254	1,400

14 Other provisions Consolidated

Other provisions at 1 April 2017	**5,356**	7,669
Provision for the year, adjustment	**503**	-2,313
Other provisions at 31 March 2018	**5,859**	5,356

Other provisions consists of custom warranties, DKK 1,709 thousand (2016/17: DKK 1,180 thousand) and provision for guarantee obligations and other costs DKK 4,150 thousand (2016/17: DKK 4,176 thousand).

Consolidated financial statements and parent company financial statements for the period 1 April 2017 - 31 March 2018
Notes to the financial statements

15 Non-current liabilities other than provisions
Consolidated

DKK'000	Total liabilities at 31/3 2018	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	13,752	916	12,836	0
Bank loans	42,845	11,177	31,668	0
Lease liabilities	1,108	294	814	0
Total liabilities	57,705	12,387	45,318	0

Parent company

DKK'000	Total liabilities at 31/3 2018	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	42,845	11,177	31,668	0
Total liabilities	42,845	11,177	31,668	0

16 Contractual obligations and contingencies, etc.

Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1,169 thousand, hereof DKK 514 thousand fall due 2018/19.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 9,480 thousand with a net position as of 31 March 2018 of totally DKK -1,785 thousand (2016/17: DKK -2,175 thousand).

The Group has received a claim for avoidance from the liquidator in the former subsidiary Omnical Kessel- und Apparatebau GmbH in bankruptcy. Any final amount is unknown at the moment as the company does not find any basis for the claim and has rejected it.

The Group has entered into forward exchange contracts concerning currency in SEK 7,297 thousand and currency in GBP 73 thousand and with a net position as of 31 March 2018 to DKK 212 thousand (2016/17: DKK -38 thousand).

Parent company

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. olidated financial statements and parent company financial statements for the period 1 April 2017 - 31 March 2018

17 Mortgages and collateral

Consolidated

Land and buildings with a carrying amount of DKK 26,581 thousand out of a total carrying amount of land and buildings of DKK 50,056 thousand at 31 March 2018 have been provided as collateral, nom. DKK 26,00 thousand, for bank loans of DKK 13,752 thousand.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 5,778 thousand has been provided as collateral for loan raised with credit institution.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 80,553 thousand (2016/17: DKK 50,003 thousand).

Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and outstanding balances between other enterprises and credit institutions. At 31 March 2018, the guarantee commitment amounted to DKK 2,190 thousand (2016/17: DKK 2,174 thousand). Mortgage registered to the owner, nominal DKK 500 thousand, is held by the Group.

18 Related party disclosures

Thermax Denmark ApS' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the voting rights or minimum 5 % of the share capital:

Thermax Netherlands B.V.
Herikerbergweg 238
1101 CM Amsterdam
The Netherlands.

Related party transactions
All transactions with related parties are carried out at arm's length.

Information about consolidated financial statements

Parent	**Domicile**	**Requisitioning of the parent's consolidated financial statements**
Thermax Ltd.	India	www.thermaxglobal.com

	Consolidated		Parent	
DKK'000	2017/18	2016/17	2017/18	2016/17
19 Proposed profit/loss				
Transferred to reserves under equity	-16,603	-1,222	-16,104	-923
Reserve for net revaluation under the equity method	0	0	-499	-299
	-16,603	-1,222	-16,603	-1,222

DANSTOKER A/S

Board of Directors:

Hemant Prabhakar Mohgaonkar (Chairman)
Amitabha Mukhopadhyay (Vice Chairman)
Jan Enemark
Rakesh Rampratap Tripathi
Holger Michael D. Jepsen (Elected by the employees)
Jørn Henriksen (Elected by the employees)

Registered Office

Industrivej Nord 13
DK - 7400 Herning
Denmark

Auditors

Ernst & Young
Godkendt Revisionspartnerselskb
Havnegade 33
DK - 6700 Esbjerg

Executive Board

Jan Enemark
Knud Dürr

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2017 – 31 March 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of the Company's operations for the financial year1 April 2017 – w31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 25 April 2018

Executive Board:

Jan Enemark	Knud Dürr

Board of Directors:

Hemant Prabhakar Mohgaonkar	Amitabha Mukhopadhyay	Jan Enemark
Chairman	Vice Chairman	
Rakesh Rampratap Tripathi	Holger Michael D. Jepsen (Elected by the employees)	Jorn Herrikren (Elected by the employees)

Independent auditor's report

To the shareholders of Danstoker A/S

Opinion

We have audited the financial statements of Danstoker A/S for the financial year 1 April 2017 – 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

► Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

► Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

► Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

► Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

► Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 25 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
MNE no.: mne35420

Management's review

Company details

Name	Danstoker A/S
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	16 14 72 49
Established	13 April 1992
Registered office	Herning
Financial year	1 April – 31 March
Telephone	+ 45 99 28 71 00
Board of Directors	Hemant Prabhakar Mohgaonkar (Chairman) Amitabha Mukhopadhyay (Vice Chairman) Jan Enemark Rakesh Rampratap Tripathi Holger Michael D. Jepsen (Elected by the employees) Jørn Henriksen (Elected by the employees)
Executive Board	Jan Enemark Knud Dürr
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Financial highlights

DKK m	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Gross profit	**28**	39	33	29	54
Ordinary operating profit/loss	**-8**	9	4	-1	24
Profit/loss before tax	**-14**	6	3	-58	20
Profit/loss for the year	**-12**	4	3	-58	14
Total assets	**110**	90	90	89	159
Investment in property, plant and equipment	**1**	2	2	2	2
Equity	**35**	33	28	25	94
Financial ratios					
Equity ratio	**32,1**	36.0	31.6	28.4	59.3
Return on equity	**-36,1**	10.1	11.5	-96.2	16.1
Average number of full-time employees	**121**	122	136	144	152

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Operating review

Danstoker A/S, which has its registered address in the municipality of Herning, is a fully-owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Boilerworks A/S and Danstoker Poland Sp. Z.o.o.

The Danstoker Group designs, manufactures and sells boilers and associated equipment to the energy market, including also rebuilding and servicing of boilers. The Danstoker Group product range is continuously adapted to the 4 energy categories:

► Solid fuel market, mainly based on biofuels

► Combined heat and power market

► Exhaust gas market

► Oil/gas market

Development during the year under review

Danstoker A/S has had a lower level of activity than expected within the biomass segment but has nevertheless been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the new setup in Poland we will develop a stronger position in the east part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the after-sales services activities have developed positively.

The main activities of Boilerworks A/S are service jobs on water-tube boilers and the manufacture of economizers and high pressure boiler components of the water-tube design. Many service jobs have been put on hold, but optimism is clearly returning to the markets again.

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. The primary reasons for this result are the investment in Danstoker Poland Sp. Z.o.o facility, delayed maturation of pipeline projects, deviations from 3 major projects, several bankruptcies among customers and suppliers and consolidation in the market. The bio market was partly halted by energy policy uncertainties and low oil / gas prices. The result is not satisfactory.

Profit for the year before tax of DKK -14,101 thousand and after tax of DKK -12,244 thousand.

Environmental conditions

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after the balance sheet date

The Management is of the opinion, that from the balance sheet date until today, no events have occurred which could substantially alter the assessment of the annual report.

Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is lower than last year but satisfactory.

It is the aim of the Danstoker Group to create 3 profitable, strong and individually independent sales companies in Danstoker A/S, Danstoker Poland Sp. z o.o. and Boilerworks A/S, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Danstoker A/S is not of the opinion that the Company is facing special long-term risks, neither in its markets nor otherwise.

The growing, necessary, political focus on CO2 on a global scale will in the long term contribute to making our CO2-neutral products within biofuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2018/19.

DANSTOKER A/S

Financial Statements 1 April 2017 - 31 March 2018.

Income statement

	Note	2017-18		2016-17	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit	2	**28,328**	**3,052.02**	38,807	3,604.70
Sales and distribution costs		**(20,139)**	**(2,169.75)**	(15,560)	(1,445.33)
Administrative expenses		**(16,577)**	**(1,785.98)**	(14,250)	(1,323.65)
Operating Profit / Loss		**(8,388)**	**(903.71)**	8,997	835.71
Profit / Loss on investments in subsidiaries	8	**(4,836)**	**(521.02)**	(2,164)	(201.01)
Financial income	3	**491**	**52.90**	1,253	116.39
Financial expenses	4	**(1,368)**	**(147.39)**	(1,796)	(166.83)
Profit / Loss before tax		**(14,101)**	**(1,519.22)**	6,290	584.26
Tax on profit/loss for the year	5	**1,857**	**200.07**	(2,029)	(188.47)
Profit / Loss for the year		**(12,244)**	**(1,319.15)**	4,261	395.80

Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739
Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

Balance sheet

	Note	2017-18		2016-17	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS					
Non-current assets					
Intangible assets	6				
Licences, software		**2,675**	**288.20**	60	5.57
Prepayments for intangible assets		**-**	**-**	1,602	148.81
		2,675	**288.20**	1,662	154.38
Property, plant and equipment	7				
Plant and machinery		**4,583**	**493.77**	5,636	523.52
Fixtures and fittings, tools and equipment		**1,195**	**128.75**	1,061	98.55
Property, plant and equipment under construction		**-**	**-**	228	21.18
		5,778	**622.51**	6,925	643.25
Investments	8				
Investments in subsidiaries		**615**	**66.26**	356	33.07
		615	**66.26**	356	33.07
Total non-current assets		**9,068**	**976.97**	8,943	830.70
Current assets					
Inventories					
Raw materials and consumables		**12,773**	**1,376.15**	11,524	1,070.44
Semi-finished goods		**2,824**	**304.25**	2,788	258.97
		15,597	**1,680.40**	14,312	1,329.41
Receivables					
Trade receivables		**20,161**	**2,172.12**	12,689	1,178.65
Work in progress (customer-specific orders)	9	**34,145**	**3,678.73**	37,219	3,457.19
Amounts owed by group companies		**27,511**	**2,964.00**	13,851	1,286.59
Other receivables		**1,195**	**128.75**	767	71.24
Prepayments	10	**2,014**	**216.99**	2,065	191.81
		85,026	**9,160.58**	66,591	6,185.49
Cash at bank and in hand		**155**	**16.70**	494	45.89
Total current assets		**100,778**	**10,857.68**	81,397	7,560.79
Total assets		**109,846**	**11,834.65**	90,340	8,391.49

Financial Statements 1 April 2017 - 31 March 2018.

Balance Sheet

EQUITY AND LIABILITIES					
Equity					
Share capital		**10,001**	**1,077.49**	10,001	928.97
Retained earnings		**25,295**	**2,725.25**	22,543	2,093.97
Total equity		**35,296**	**3,802.74**	32,544	3,022.94
Provisions					
Deferred tax	11	**6,882**	**741.46**	7,935	737.06
Other provisions	12	**5,130**	**552.70**	4,840	449.58
Total provisions		**12,012**	**1,294.16**	12,775	1,186.64
Liabilities other than provisions					
Non-current liabilities	13				
Lease liabilities		**738**	**79.51**	833	77.38
		738	**79.51**	833	77.38
Current liabilities					
Current portion of non-current liabilities other than provisions	13	**269**	**28.98**	525	48.77
Bank loans		**13,812**	**1,488.09**	798	74.12
Prepayments received from customers	9	**5,934**	**639.32**	1,105	102.64
Trade payables		**14,359**	**1,547.02**	14,296	1,327.92
Amounts owed to group companies		**13,885**	**1,495.95**	11,240	1,044.06
Other payables		**13,541**	**1,458.89**	16,224	1,507.01
		61,800	**6,658.25**	44,188	4,104.53
Total liabilities other than provisions		**62,538**	**6,737.76**	45,021	4,181.90
Total equity and liabilities		**109,846**	**11,834.65**	90,340	8,391.49
Accounting policies	1				
Employee relations	14				
Charges, collateral and contingencies, etc.	15				
Related party disclosures	16				

Statement of Changes in Equity for the period 1 April 2017 to 31 March 2018

Particulars	**Note**	**Share capital**		**Retained Earnings**		**Total**	
		DKK'000	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**
Equity at 1 April 2017		10,001	1,077.49	22,543	2,428.75	32,544	3,506.24
Retained profit for the year	17	-	-	(12,244)	(1,319.15)	(12,244)	(1,319.15)
Equity contribution from parent		-	-	14,800	1,594.53	14,800	1,594.53
Change in value adjustments of hedging instruments after Tax		-	-	42	4.53	42	4.53
Change in value adjustments of hedging instruments in investments after Tax		-	-	154	16.59	154	16.59
Equity at 31 March 2018		**10,001**	**1,077.49**	**25,295**	**2,725.25**	**35,296**	**3,802.74**

The share capital consists of 1 share at a nominal amount of DKK'000 10,001.

Financial statements 1 April 2017 – 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for the period 1 April 2017 – 31 March 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 86(4) and 112(1) of the Danish Financial Statements Act. The annual report of Danstoker A/S and related subsidiaries forms part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The financial statements have been prepared in accordance with the same accounting policies as last year.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses and after deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carry-forwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Licences, software are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years.

Gains or losses in connection with the disposal of software are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement under other operating income or other operating expenses, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use.

Depreciation is provided on a straight-line basis over the expected useful lives and estimated residual values of the assets. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Assets with a cost of less than DKK 13 thousand per unit are recognised as costs in the income statement in the year of acquisition.
Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Danstoker A/S are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in process (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the execution of the order is initiated, a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order is immediately recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognised as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of a loss, realisation of investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, guarantees etc. Provisions are recognised when - as the result of past events - the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to compensate any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities other than provisions are recognised at the proceeds received less the transaction costs paid at the date of borrowing. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when applying the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual obligation on finance leases.

The remaining liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Equity ratio $= \dfrac{\text{Equity at year end x 100}}{\text{Total Equity and Liabilities at year end}}$

Return on equity $= \dfrac{\text{Profit from ordinary activities after tax x 100}}{\text{Average Equity}}$

2 Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

3 Financial income

DKK'000	**2017/18**	2016/17
Interest income from group enterprises	**91**	493
Other interest income, including foreign exchange gains, etc.	**400**	760
	491	1,253

4 Financial expenses

Interest expenses to group enterprises	**327**	151
Other interest expenses, including foreign exchange losses, etc.	**1,041**	1,645
	1,368	1,796

5 Tax on profit for the year

Current tax for the year	**-805**	-579
Deferred tax adjustment for the year	**-915**	2,586
Prior-year adjustments	**-137**	22
	-1,857	2,029

6 Intangible assets

DKK'000	**Licences, software**	**Prepay-ments for intangible assets**	**Total**
Cost at 1 April 2017	714	1,602	2,316
Additions	1,040	0	1,040
Transferred	1,602	-1,602	0
Cost at 31 March 2018	3,356	0	3,356
Impairment losses and amortisation at 1 April 2017	654	0	654
Amortisation	27	0	27
Impairment losses and amortisation at 31 March 2018	681	0	681
Carrying amount at 31 March 2018	2,675	0	2,675

7 **Property, plant and equipment**

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 April 2017	26,266	3,839	228	30,333
Additions	194	770	0	964
Disposals	0	-605	0	-605
Transferred	228	0	-228	0
Cost at 31 March 2018	26,688	4,004	0	30,692
Impairment losses and depreciation at 1 April 2017	20,630	2,778	0	23,408
Depreciation	1,475	507	0	1,982
Depreciation, assets sold	0	-476	0	-476
Impairment losses and depreciation at 31 March 2018	22,105	2,809	0	24,914
Carrying amount 31 March 2018	4,583	1,195	0	5,778
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	518	725	0	1,243

8 **Investments**

DKK'000	**Investments in subsidiaries**
Cost at 1 April 2017	3,000
Additions	9
Cost at 31 March 2018	3,009
Value adjustments at 1 April 2017	-2,644
Net profit/loss for the year	-4,836
Equity adjustment in investments	154
Value adjustments at 31 March 2018	-7,326
Investments with negative book value written down in receivables	4,932
Carrying amount at 31 March 2018	615

Name	**Voting rights and ownership**	**Share capital**	**Equity**	**Profit before tax**	**Profit after tax**
		DKK'000	DKK'000	DKK'000	DKK'000
Group enterprises					
Boilerworks A/S	100 %	500	615	129	105
Danstoker Poland Sp. Z.o.o.	100 %	9	-4,932	-5,565	-4,941
			-4,317	-5,436	-4,836

9 **Work in progress (customer-specific orders)**

DKK'000	**2017/18**	2016/17
Work in progress	**132,157**	126,515
Payments on account	**-103,946**	-90,401
Carrying amount at 31 March 2018	**28,211**	36,114
Recognised as follows:		
Work in progress (customerspecific orders) (assets)	**34,145**	37,219
Prepayments received from customers (liabilities)	**-5,934**	-1,105
	28,211	36,114

10 **Prepayments**
Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

11 **Deferred tax**

Deferred tax at 1 April 2017	7,935	5,349
Deferred tax adjustment	-1,053	2,586
Deferred tax at 31 March 2018	6,882	7,935

Deferred tax primarily relates to work in progress (advance on account).

12 **Other provisions**
Other provisions consists of customs warranties, DKK 980 thousand (2016/17: DKK 664 thousand) and provision for guarantee obligations and other costs DKK 4,150 thousand (2016/17: DKK 4,176 thousand).

13 **Non-current liabilities other than provisions**

DKK'000	**Total liabilities at 1/4 2017**	**Total liabilities at 31/3 2018**	**Repayment next year**	**Long-term portion**	**Outstanding debt after 5 years**
Bank loans	250	0	0	0	0
Lease liabilities	1,108	1,008	269	739	0
	1,358	1,008	269	739	0

14 **Employee relations**

DKK'000	**2017/18**	2016/17
Wages and salaries	**57,782**	57,899
Pensions	**4,218**	4,151
Other social security costs	**652**	741
	62,652	62,791
Remuneration of the Executive Board	**2,866**	2,786
Remuneration of the Board of Directors	**60**	60
Average number of full-time employees	**121**	122

15 **Charges, security provided and contingencies, etc.**

Lease obligations (operating leases) falling due within 3 years total DKK 1,069 thousand, hereof DKK 414 thousand fall due 2018/19.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 6,542 thousand, of this DKK 4,361 thousand concerns 2018/19.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 5,778 thousand has been provided as collateral for loan raised with credit institution.

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions and banks, DKK 23,617 thousand (2016/17: DKK 16,879 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 51,408 thousand (2016/17: DKK 54,003 thousand). Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and advance payment guarantees and outstanding balances between other enterprises, group enterprises and credit institutions. At 31 March 2018, the guarantee commitment etc. amounted to DKK 2,190 thousand (2016/17: DKK 2,174 thousand).

The company has entered project-related forward exchange contracts concerning currency in SEK 1,998 thousand and currency in GBP 73 thousand with a net position as of 31 March 2018 to DKK 50 thousand.

The company has received a claim for avoidance from the liquidator in the former subsidiary Omnical Kessel- und Apparatebau GmbH in bankruptcy. Any final amount is unknown at the moment, as the company does not find any basis for the claim and has rejected it.

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

16 Related party disclosures

Danstoker A/S' related parties comprise the following:

Parties exercising control

Thermax Denmark ApS holds the majority of the share capital in the Company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5 % of the voting rights or at least 5% of the share capital:

Thermax Denmark ApS
Industrivej Nord 13
7400 Herning

Related party transactions

All transactions with related parties are carried out at arm's length.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

17 Proposed profit appropriation

DKK'000	**2017/18**	2016/17
Retained earnings	**-12,244**	4,261
	-12,244	4,261

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Executive Board	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay	Industrivej Nord 13 DK - 7400 Herning	Ernst & Young Godkendt Revisionspartnerselskb Havnegade 33 DK - 6700 Esbjerg

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2017 – 31 March 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of its operations for the financial year 1 April 2017 – 31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Herning, 25 April 2018

Executive Board:

Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay

Independent auditor's report

To the shareholders of Ejendomsanpartsselskabet Industrivej Nord 13

Opinion

We have audited the financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2017 – 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

  Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 25 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
MNE no.: mne35420

Company details

Name	Ejendomsanpartsselskabet Industrivej Nord 13
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	13 96 64 43
Established	9 January 1990
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar
	Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	Havnegade 33
	DK-6700 Esbjerg

Operating review

Principal activity

The Company's principal activity is to own and lease out the property Industrivej Nord 13, DK-7400

Herning, which is also carried out in the subsidiary Boilerworks Properties ApS.

The Company is a fully-owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is ARA Trusteeship Company Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Development in activities and financial matters

Management considers the profit for the year, DKK 3,483 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2018/19.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Income statement

		2017/18		2016/17	
	Note	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**4,251**	**458.00**	4,170	387.34
Impairment losses and depreciation	4	**-898**	**(96.75)**	-891	(82.76)
Operating profit		**3,353**	**361.25**	3,279	304.58
Profit on investments in subsidiary	5	**1,552**	**167.21**	1,482	137.66
Financial income	2	**197**	**21.22**	111	10.31
Financial expenses		**-1,074**	**(115.71)**	-1,146	(106.45)
Profit before tax		**4,028**	**433.97**	3,726	346.10
Tax on profit for the year	3	**-545**	**(58.72)**	-494	(45.89)
Profit for the year		**3,483**	**375.25**	3,232	300.21
Proposed profit appropriation					
Reserve for net revaluation under the equity method		**1,552**	**167.21**	1,482	137.66
Retained earnings		**1,931**	**208.04**	1,750	162.55
		3,483	**375.25**	3,232	300.21

Statement of Changes in Equity for the period 1st April 2017 to 31st March 2018

	Share Capital		Reserve for revaluation of land and buildings		Reserve for net revaluation under the equity method		Retained earnings		Total	
	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1 April 2017	200	21.55	3,182	342.82	3,626	390.66	6,422	691.90	13,430	1,447
Transfer, see "Proposed profit appropriation"	-	-	-	-	1,552	167.21	1,931	208.04	3,483	375
Revaluation of interest rate swap	-	-	-	-	-	-	390	42.02	390	42
Tax on changes in equity	-	-	-	-	-	-	(86)	(9.27)	(86)	(9)
Equity at 31 March 2018	200	21.55	3,182	342.82	5,178	557.87	8,657	932.69	17,217	1,855

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.7739

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Balance sheet

		2017/18		2016/17	
	Note	**DKK'000**	**Rs Lacs**	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		**26,581**	**2,863.80**	27,255	2,531.66
Investments	5				
Investments in subsidiary		**6,178**	**665.61**	4,626	429.70
		6,178	**665.61**	4,626	429.70
Total non-current assets		**32,759**	**3,529.41**	31,881	2,961.36
Current assets					
Receivables					
Amounts owed by group companies		**6,600**	**711.07**	4,337	402.85
Cash at bank and in hand		**10**	**1.08**	23	2.14
Total current assets		**6,610**	**712.15**	4,360	404.99
Total assets		**39,369**	**4,241.56**	36,241	3,366.35
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**21.55**	200	18.58
Reserve for revaluation of land and buildings		**3,182**	**342.82**	3,182	295.57
Reserve for net revaluation under the equity method		**5,178**	**557.87**	3,626	336.81
Retained earnings		**8,657**	**932.69**	6,422	596.53
Total equity		**17,217**	**1,854.94**	13,430	1,247.48
Provisions					
Provission for Deferred tax		**2,497**	**269.02**	2,394	222.37
Total provisions		**2,497**	**269.02**	2,394	222.37
Liabilities					
Non-current liabilities other than provisions	6				
Mortgage credit institutions		**12,836**	**1,382.93**	13,752	1,277.39
		12,836	**1,382.93**	13,752	1,277.39
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions	6	**916**	**98.69**	916	85.09
Amounts owed to group enterprises		**2,574**	**277.32**	2,047	190.14
Other payables		**2,088**	**224.96**	2,473	229.71
Deferred income		**1,241**	**133.70**	1,229	114.16
		6,819	**734.67**	6,665	619.10
Total liabilities		**19,655**	**2,117.60**	20,417	1,896.49
Total equity and liabilities		**39,369**	**4,241.56**	36,241	3,366.35

1 Accounting Policies
7 Charges, collateral & contingencies, etc.
8 Related party - ownership

Financial statements for the period 1 April 2017 – 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2017/18 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subse-quently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Other external expenses

Other external expenses comprise administrative expenses.

Gross profit

Revenue and other external costs are summed up in gross profit in compliance with Section 32 in the Danish Financial Statements Act.

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are in-cluded in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated among the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry-forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

Provision has been made for deferred tax on revaluation of investment properties to the extent that the sale hereof at carrying amount will give rise to tax liabilities. The amount has been deducted from the fair value reserve of investment assets.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses and revalued at fair value if any significant changes in the value of land and buildings are recognised. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less expected residual value at the end of the useful life plus any revaluation.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings up to 50 years

In connection with significant changes in the value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. The revaluation is recognised directly in equity. The revaluation is depreciated over the rest useful lives of the assets.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enter-prises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Ejendoms-anpartsselskabet Industrivej Nord 13 are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of non-current assets

The carrying amount of property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depre-ciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company.

Joint taxation contribution payable and receivable is recognised in the balance sheet under Balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.Financial statements for the period 1 April 2017 – 31 March 2018

Notes to the financial statements

2 Financial expenses

DKK'000	**2017/18**	2016/17
Interest income, group companies	**197**	111
	197	111

3 Tax on profit for the year

Joint taxation contribution for the year	441	431
Adjustment of deferred tax	104	63
	545	**494**

4 Property, plant and equipment

DKK'000	**Land and buildings**
Cost at 1 April 2017	41,184
Additions	224
Cost at 31 March 2018	41,408
Revaluations at 1 April 2017/ 31 March 2018	4,080
Impairment losses and depreciation at 1 April 2017	-18,009
Impairment losses and depreciation for the year	-898
Impairment losses and depreciation at 31 March 2018	-18,907
Carrying amount at 31 March 2018	26,581

5 Investments

DKK'000	2017/18
Cost at 1 April 2017	1,000
Cost at 31 March 2018	1,000
Value adjustments at 1 April 2017	3,626
Net profit for the year	1,552
Value adjustments at 31 March 2018	5,178
Carrying amount at 31 March 2018	6,178

Name	**Rights and ownership**	**Carrying amount**
Group enterprises		
Boilerworks Properties ApS, Herning, Denmark	100 %	6,178

6 Non-current liabilities other than provisions

DKK'000	**Total debt 1/4 2017**	**Total debt 31/3 2018**	**Repayment, next year**	**Long-term portion**	**Outstan-ding debt after 5 years**
Mortgage credit institutions	14,668	13,752	916	12,836	9,170

7 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 26,581 thousand at 31 March 2018 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 13,752 thousand.

The Company has provided guarantees for balances between bank and group related companies to their bank. At 31 March 2018 balances amounted to DKK 13,812 thousand, forward exchange contracts concerning currency in SEK 1,998 thousand and GBP 73 thousand amounted to a net position as of 31 March 2018 to DKK 50 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 47,717 thousand. (2016/17: DKK 49,603 thousand)

The Company has entered an interest rate swap contract concerning loan amounting to DKK 9,480 thousand, with a net position as of 31 March 2018 of DKK -1,785 thousand. (2016/17: DKK -2,175 thousand).

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

8 Related party - ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5 % of the voting rights or at least 5 % of the share capital:

Thermax Denmark ApS

Industrivej Nord 13DK - 7400 Herning.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Board of Directors

Mundt Holger - Managing Director
Jan Enemark
Abhay Shah
Rabindranath Pillai

Registered Office

Bertha - von - suttner - str. 9
28207 Breman, Germany
HRB 3148

Auditors

JFS Treuhand &
Rivision Jendroschek Feindler Schokz
Stefen Rauber
Parkallee 5
28209 Breman, Germany
PR 121

Auditors´ Report

To Rifox-Hans Richter GmbH Spezialarmaturen

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, for the financial year from April 01, 2017 to March 31, 2018. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.

Bremen, April 25, 2018

Kaiser
(Wirtschaftsprüfer)
(German Public Auditor)

Balance Sheet as at 31 March 2018

ASSETS

			2017-18		2016-17	
			EUR	**Rs Lacs**	EUR	Rs Lacs
A.	**Fixed assets**					
	I.	**Intangible assets**				
		Concessions, industrial property and similar rights and assets and licences in such rights and assets	**1.50**	**0.00**	1.50	0.00
	II.	**Tangible assets**				
		1. Land, similar rights and buildings, including buildings on third-party land	**7,509.00**	**6.03**	8,870.00	6.13
		2. Other equipment, factory and office equipment	**71,046.39**	**57.06**	71,386.67	49.29
		3. Advance payments	**-**	**-**	-	-
			78,555.39	**63.09**	80,256.67	55.42
B.	**Current assets**					
	I.	**Stocks**				
		1. Finished goods and unfinished goods	**964,407.95**	**774.57**	899,792.55	621.34
		2. Advance payments received for projects	**(50,089.00)**	**(40.23)**	-	-
			914,318.95	**734.34**	899,792.55	621.34
	II.	**Debtors and other assets**				
		1. Trade debtors	**461,785.66**	**370.89**	347,930.19	240.26
		2. Other assets	**29,313.39**	**23.54**	21,766.06	15.03
			4,91,099.05	**394.43**	3,69,696.25	255.29
	III.	**Cash-in-hand, postal giro balances and bank balances**	**2,481.77**	**1.99**	15,875.78	10.96
C.	**Prepaid expenses**		**21,999.50**	**17.67**	6,907.00	4.77
			1,508,456.16	**1,211.52**	132,529.75	947.78

EQUITY AND LIABILITIES

			2016-17		2015-16	
			EUR	**Rs Lacs**	EUR	Rs Lacs
A.	**Equity**					
	I.	**Subscribed capital**	**716,469.00**	**575.44**	716,469.00	494.75
	II.	**Unappropriated profits brought forward**	**(375,546.63)**	**(301.62)**	7,233.51	4.99
	III.	**Net income for the year**	**40,797.84**	**32.77**	(382,780.14)	(264.32)
			381,720.21	**306.58**	340,922.37	235.42
B.	**Provisions**					
	Other provisions		**127,004.48**	**102.00**	133,134.66	91.93
C.	**Creditors**					
	1.	Liabilities to banks	**599,355.44**	**481.38**	546,396.68	377.31
	2.	Trade creditors	**215,005.09**	**172.68**	104,208.27	71.96
	3.	Other creditors	**185,370.94**	**148.88**	247,867.77	171.16
			999,731.47	**802.94**	898,472.72	620.43
	-of with taxes : EUR 21711.45 (2017 : TEuro 54)					
			1,508,456.16	**1,211.52**	1,372,529.75	947.78

Exchange rate : as at 31st Mar 18 is 1 Euro = Rs 80.3155

Exchange rate : as at 31st Mar 17 is 1 Euro = Rs 69.0534

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Income Statement

for the financial year from April 1,2017 to March 31,2018

		2017-18		2016-17	
		EUR	**Rs Lacs**	EUR	Rs Lacs
1.	Turnover	**3,355,678.14**	**2,695.13**	2,980,534.62	2,058.16
2.	Inventory changes- finished and unfinished goods	**64,615.40**	**51.90**	(56,054.45)	(38.71)
3.	Other operating income	**179,055.73**	**143.81**	183,245.18	126.54
		3,599,349.27	**2,890.84**	3,107,725.35	2,145.99
4.	Cost of materials				
	a) Cost of raw materials, consumables and goods for resale	**963,164.24**	**773.57**	701,094.59	484.13
	b) Cost for purchased services	**136,058.26**	**109.28**	116,037.68	80.13
		1,099,222.50	**882.85**	817,132.27	564.26
5.	Staff costs				
	a) Wages and salaries	**1,638,875.18**	**1,316.27**	1,864,788.48	1,287.70
	b) Social security, pension and other benefits	**288,826.99**	**231.97**	320,857.52	221.56
		1,927,702.17	**1,548.24**	2,185,646.00	1,509.26
6.	Amortisation and depreciation of fixed intangible and tangible assets	**28,970.29**	**23.27**	28,607.44	19.75
7.	Other operating charges	**482,404.03**	**387.45**	442,666.05	305.68
		2,439,076.49	**1,958.96**	2,656,919.49	1,834.69
8.	Other interest receivable and similar income	**-**	**-**	-	-
9.	Interest payable and other similar charges	**20,252.44**	**16.27**	16,453.73	11.36
10.	**Profit on ordinary activities**	**40,797.84**	**32.77**	(382,780.14)	(264.32)
11.	Taxes on profit	**-**	**-**	-	-
12.	**Profit for the year**	**40,797.84**	**32.77**	(382,780.14)	(264.32)

Notes to the Financial Statements for the financial year 01.04.2017-31.03.2018

A. General information on the annual financial statements

The annual financial statements as at 31 March 2018 were prepared in accordance with the provisions of Sections 242 et seq. of the German Commercial Code (HGB), in compliance with the supplementary provisions for corporations (§§ 264 ff HGB) in the version of the German Accounting Standards Directive (BilRUG).

Information on the identification of the company according to the register court:

Company name according to register court:	Rifox-Hans Richter GmbH Spezialarmaturen
Registered office:	Bremen
Register entry:	commercial register
Registry court:	Bremen
Registration number:	HRB 3148

Additionally to these regulations the German Limited Liability Companies Act had to be applied.

The total expenditure format was applied to the profit and loss account.

According to the size classes in § 267 (1) HGB the company is a small limited company.

The easing of restrictions for small limited companies according to § 274a and § 288 HGB were partly applied.

B. Information on accounting and valuation methods

The accounting and valuation methods of the previous year were maintained without change.

Fixed assets were listed at purchase prices reduced by planned depreciation.

The planned depreciation was made using the straight-line method. The expected life-spans of the assets were estimated using the depreciation-index in line with the tax rules.

Mobile assets with a value of less than 410,00 € were written off immediately.

Stocks were listed at acquisition or production costs. If necessary the lower value on the key balance sheet date was used.

Trade receivables and other assets were valued considering all recognizable risks.

Cash balance and bank accounts were listed at cash value.

To cover the general credit risk and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for all recognizable risks and uncertain liabilities. All recognizable risks were accounted for.

C. Notes to the Balance Sheet

The development of the fixed assets is as follows.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

D. Other Information

In the financial year, an average of 29 employees were employed.

The annual accounts were produced before appropriation of net income.

Bremen, 12. April 2018

Fixed Asset Movement Schedule to March 31, 2018

	Book value April 1, 2017	Additions	Reclassifications	Disposals	Depreciation	Write-up	Book value March 31, 2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets							
Concessions, industrial property and similar rights and assets, and licences in such rights and assets	1.50	-	-	-	-	-	1.50
	1.50	-	-	-	-	-	1.50
II. Tangible assets							
1. Land, similar rights and buildings including buildings on third party land	8,870.50	-	-	-	1,361.00	-	7,509.50
2. Other equipment, factory and office equipment	71,386.17	27,273.01	-	4.00	27,609.29	-	71,045.89
3. Advance payments	-	-	-	-	-	-	-
	80,256.67	27,273.01	-	4.00	28,970.29	-	78,555.39
	80,258.17	27,273.01	-	4.00	28,970.29	-	78,556.89

THERMAX SDN. BHD.

Board of Directors	*Registered Office*	*Auditors*
Unnikrishnan Damodaran Kaustubh Pathak	Suite 50-4-3A 4th Floor, Wisma UOA Damansara 50, Jalan Dungun 50490 Kuala Lumpur	Morison Anuaruk Azizan Chew Chartered Accountants 18 Jalan Pinggir 1/64, Jalan Kolam Air, Off Jalan Sultan Azalan Shah (Jalan Ipoh), 51200 Kuala Lumpur, Malaysia
Bankers	***Principal place of business***	***Bankers***
Citi Bank, Malaysia	10-9-1, 9th Floor Sri Bangsar Apartment Lengkok Abdullah, Bangsar Utama 5900 Kuala Lumpur	Citi Bank,NA.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2018.

Principal Activities

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

There have been no significant changes in the nature of these principal activities during the financial year.

Financial Results

Profit for the financial year **RM8,852**

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

Issue of Shares and Debentures

There were no issuance of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Unnikrishnan Damodaran
Kaustubh Arun Pathak

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	No. of ordinary shares of INR 2.00 each (face value)			
	As at 1.4.2017	**Bought**	**Sold**	**As at 31.3.2018**
Interest in the immediate holding company, Thermax Limited				
Direct interest:				
Unnikrishnan Damodaran	1,750	-	-	1,750

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 9 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 9 to the financial statements.

Other Statutory Information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Company misleading.

No contingent or other liability has become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Immediate Holding Company

The immediate holding company is Thermax Limited, a company incorporated and domiciled in India.

Ultimate Holding Company

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

Staff Information

The total number of employees of the Company (excluding Directors) at the end of the financial year was 3 (2017: 2).

Auditors

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

UNNIKRISHNAN DAMODARAN KAUSTUBH ARUN PATHAK

Puchong Selangor
Date: 4th May 2018

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, UNNIKRISHNAN DAMODARAN and KAUSTUBH ARUN PATHAK, being two of the Directors of THERMAX SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 23 are drawn up in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of financial position of the Company as at 31 March 2018 and of its financial performance and cash flows of the Company for the financial year ended.

Signed in accordance with a resolution of the Directors.

UNNIKRISHNAN DAMODARAN KAUSTUBH ARUN PATHAK

Puchong Selangor
Date: 4th May 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT,2016

I, KAUSTUBH ARUN PATHAK, being the Director primarily responsible for the financial management of THERMAX SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 11 to 23 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed KAUSTUBH ARUN)
PATHAK)
at Puchong Selangor
Date: 4th May 2018)

on this date of) KAUSTUBH ARUN PATHAK

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF THERMAX SDN. BHD.
(Company No.: 944923-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Thermax Sdn. Bhd., which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Director's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Director's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW	SATHIEA SEELEAN A/L MANICKAM
Firm Number: AF 001977	Approved Number: 1729/05/18 (J/PH)
Chartered Accountants	Chartered Accountant

Kuala Lumpur wilayah persekultuan
Date: 4th May 2018

Thermax Sdn Bhd (Incorporated In Malaysia)
Statement of Financial Position as at 31 March 2018

	Notes	2018		2017	
		RM	Rs Lacs	RM	Rs Lacs
Non-Current assets					
Property, Plant and Equipment	3	**580**	**0.10**	657	0.10
Current Assets					
Other receivables	4	**35,837**	**6.04**	20,771	3.04
Amount owing by immediate Holding Company	5	**733,847**	**123.74**	565,658	82.91
Cash & Bank Balance		**2,403**	**0.41**	127,444	18.68
		772,087	**130.19**	713,873	104.64
Current Liabilities					
Other Payables	6	**89,698**	**15.12**	51,209	7.51
Amount owing to a director	7	**8,015**	**1.35**	-	-
Tax Payable		**9,371**	**1.58**	6,590	0.97
		107,084	**18.06**	57,799	8.47
Net Current assets		**665,003**	**112.13**	656,074	96.16
		665,583	**112.23**	656,731	96.26
Financed By:					
Share Capital	8	**500,002**	**84.31**	500,002	73.29
Retained Profits		**165,581**	**27.92**	156,729	22.97
Shareholder's fund		**665,583**	**112.23**	656,731	96.26

Approved by the Board of Directors on 4 May 2018 and signed on its behalf by:

Unnikrishnan Damodaran
Director

Kaustubh Arun Pathak
Director

Statement of Changes In Equity
For the Financial Year ended 31 March 2018

	Share Capital		Retained Profits		Total	
	RM	Rs Lacs	RM	Rs Lacs	RM	Rs Lacs
At 1 April 2016	500,002	84.31	112,300	18.94	612,302	103.24
Profit / Total comprehensive income for the year	-	-	44,429	7.49	44,429	7.49
At 31 March 2017	**500,002**	**84.31**	**156,729**	**26.43**	**656,731**	**110.74**
At 1 April 2017	500,002	84.31	156,729	26.43	656,731	110.74
Profit / Total comprehensive income for the year	-	-	8,852	1.49	8,852	1.49
At 31 March 2018	**500,002**	**84.31**	**165,581**	**27.92**	**665,583**	**112.23**

Statement of Profit or Loss and other Comprehensive Income
For The Financial Year ended 31 March 2018

	Notes	2018		2017	
		RM	Rs Lacs	RM	Rs Lacs
Revenue		**-**	**-**	-	-
Other Operating income		**1,338,967**	**225.77**	1,367,756	200.48
Administration Expenses		**(1,287,445)**	**(217.08)**	(1,297,839)	(190.23)
Profit Before Taxation	9	**51,522**	**8.69**	69,917	10.25
Taxation	10	**(42,670)**	**(7.19)**	(25,488)	(3.74)
Profit / Total comprehensive income for the financial year		**8,852**	**1.49**	44,429	6.51

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2018 is 1 RM = Rs 16.86
Exchange Rate : as at 31 March 2017 is 1 RM = Rs 14.65

Statement of Cash Flows
For the Financial Year ended 31 March 2018

	2018		2017	
	RM	Rs Lacs	RM	Rs Lacs
Cash Flows From Operating Activities				
Profit before taxation	**51,522**	**8.69**	69,917	10.25
Adjustments for:-				
Depreciation of property, plant and equipment	**77**	**0.01**	52	0.01
Operating profit before working capital changes	**51,599**	**8.70**	69,969	10.26
Changes in working capital				
Other receivables	**(15,067)**	**(2.54)**	13,096	1.92
Amount owing by immediate holding company	**(168,189)**	**(28.36)**	(130,716)	(19.16)
Other Payables	**38,489**	**6.49**	20,661	3.03
Amount Owing to a Director	**8,015**	**1.35**	-	-
	(136,752)	**(23.06)**	(96,959)	(14.21)
Cash used in operations	**(85,153)**	**(14.36)**	(26,990)	(3.96)
Tax paid	**(39,888)**	**(6.73)**	(27,397)	(4.02)
Net cash used in operating activities	**(125,041)**	**(21.08)**	(54,387)	(7.97)
Cash flows from investing activities				
Purchase of property, plant and equipment	**-**	**-**	(425)	(0.06)
	-	**-**	(425)	(0.06)
Net decrease in cash and cash equivalents	**(125,041)**	**(21.08)**	(54,812)	(8.03)
Cash and cash equivalents at the beginning of the financial year	**127,444**	**21.49**	182,256	26.71
Cash and cash equivalents at end of the financial year	**2,403**	**0.41**	127,444	18.68
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	**2,403**	**0.41**	127,444	18.68

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

The Company is a private limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia.

The registered office of the Company is located at Suite 50-4-3A, 4th Floor, Wisma UOA Damansara, 50, Jalan Dungun, 50490 Kuala Lumpur.

The principal place of business of the Company is located at 10-9-1, 9th Floor, Sri Bangsar Apartment, Lengkok Abdullah, Bangsar Utama, 59000 Kuala Lumpur.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MPERS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

There are currently no areas where a higher degree of judgement or complexity, or areas where significant assumptions and estimates are significant to the financial statements.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location.

Subsequent 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in profit or loss.

(ii) Depreciation and impairment

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight line method to allocate the cost less its residual values over their estimated useful lives as follows:

Furniture and fittings	10 years

If there is an indication that there have been a significant change since the previous reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its current estimates. If current expectations differ, the Company would amend the residual value, amortisation method or useful life to reflect the new pattern of consuming the asset's future economic benefits.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(d) Financial instruments

(i) Initial recognition

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 instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss. For financial instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For financial instruments that constitute a financing transaction, the financial instrument is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Gains and losses

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:
- returns to the holder are fixed or determinable;
- there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- prepayment option, if any, is not contingent on future events.

Investments in non-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

Impairment of financial assets

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to impairment review.

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is recognised in profit or loss when they arise.

An impairment loss in respect of an instrument measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost less impairment is measured as the difference between the financial asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iii) Derecognition of financial instruments

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when it is extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification in the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the considerable paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Equity instruments

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

Other shares that carry mandatory dividend payments and mandatory redemption are classified as financial liabilities or a compound instrument according to the economic substance of the instrument.

(f) Current and deferred tax

Income tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised on the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Property, Plant and Equipment

	Office equipment RM
Cost	
At 1.4.2017/ 31.3.2018	770
Accumulated depreciation	
At 1.4.2017	113
Charge for the financial year	77
At 31.3.2018	190
Carrying amount	
At 31.3.2018	580
At 31.3.2017	657
Depreciation charge for the financial year ended 31.3.2017	52

4. Other Receivables

	2018 RM	2017 RM
Other receivable	**12,643**	20,771
Deposit	**23,194**	-
	35,837	20,771

5. Amount Owing by Immediate Holding Company

Amount owing by immediate holding company is non-trade in nature, interest-free, unsecure and repayable on demand.

6. Other Payables

	2018 RM	2017 RM
Other payable	**34,348**	20,989
Accruals	**55,350**	30,220
	89,698	51,209

7. Amount Owing to a Director

Amount owing to a Director is non-trade in nature, interest-free, unsecured and repayable on demand.

8. Share Capital

	Number of ordinary shares		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Authorised				
At beginning of the financial year	1,000,000	1,000,000	1,000,000	1,000,000
Abolishment of authorised share capital*	(1,000,000)	-	(1,000,000)	-
At end of the financial year	-	1,000,000	-	1,000,000
Issued and fully paid				
At beginning/end of the financial year	500,002	500,002	500,002	500,002

* The new Companies Act, 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of the member as a result of this transition.

9. Profit before Taxation

Profit before taxation is derived after charging:

	2018 RM	2017 RM
Auditors' remuneration		
- Current year	**5,400**	5,500
- Under provision in prior year	**-**	400
Directors' remuneration	**402,807**	236,658
Depreciation of property, plant and equipment	**77**	52
Impairment loss on deposit	**19,600**	12,600
Rental:		
- Office	**8,700**	43,800
- Others	**10,385**	520

10. Taxation

	2018	2017
	RM	RM
Income tax:		
- Current year	**21,137**	18,355
- Under provision in prior years	**21,533**	7,133
	42,670	25,488

Income tax is calculated at the statutory rate of 24% (2017: 24%) on the chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2018	2017
	RM	RM
Profit before taxation	**51,522**	69,917
Taxation on statutory tax rate of 24% (2017: 24%)	**12,365**	16,780
Expenses not deductible for tax purposes	**8,772**	1,575
Under provision of taxation in prior years	**21,533**	7,133
Taxation for the financial year	**42,670**	25,488

11. Staff Information

	2018	2017
	RM	RM
Staff costs (excluding Directors)	**477,242**	589,775

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM4,154 (2017: RM3,876).

12. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

12. Significant Related Party Transactions (Continued)

The significant related party transactions are as follows:

	2018	2017
	RM	RM
Administration fee charged to immediate holding company	**1,338,967**	1,367,756

13. Financial Instruments

The table below provides an analysis of financial instruments and their categories in which they are subsequently measured:

	2018	2017
	Amortised costs	Amortised costs
	RM	RM
Financial assets		
Other receivables	**35,837**	20,771
Amount owing by immediate holding company	**733,847**	565,658
Cash and bank balances	**2,403**	127,444
	772,087	713,873
Financial liabilities		
Other payables	**89,698**	51,209
Amount owing to a Director	**8,015**	-
	97,713	51,209

14. Date of Authorisation for Issue

The financial statements of the Company for the financial year 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 4 May 2018.

BOILERWORKS A/S

Board of Directors	*Registered Office*	*Auditors*
Hemant Prabhakar Mahagaonkar (Chairman) Amitabha Mukhopadhyay (Vice Chairman) Jan Enemark	Papegøjevej 7 DK - 6270 Tønder	Emst & Yound Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg

Executive Directors

Jan Enemark

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Boilerworks A/S for the financial year 1 April 2017 – 31 March 2018

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Tønder, 25 April 2018 Executive Board:

Jan Enemark

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark

Independent auditor's report

To the shareholders of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2017 – 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations and cash flows for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. ·

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

BOILERWORKS A/S

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 25 April 2018
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
MNE no.: mne35420

Management's review

Company details

Name	Boilerworks A/S
Address	Papegøjevej 7
Zip code, city	DK6270 Tønder
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Tønder
Financial year	1 April – 31 March
Telephone	+45 73 64 48 50
Fax	+45 75 64 48 51
Board of Directors	Hemant Prabhakar Mohgaonkar (Chairman) Amitabha Mukhopadhyay (Vice Chairman) Jan Enemark
Executive Board	Jan Enemark
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Financial highlights

DKK'000	2017/18	2016/17	2015/16	2014/15
Key figures				
Gross profit	**13,086**	**8,800**	11,773	7,893
Ordinary operating profit/loss	**52**	**-2,619**	429	-2,871
Profit/loss before tax	**129**	**-2,770**	66	-3,231
Profit/loss for the year	**106**	**-2,164**	**191**	**-2,376**
Total assets	**36,777**	**27,428**	26,566	23,279
Investment in property, plant and equipment	**308**	**789**	660	218
Equity	**615**	**355**	**2,531**	**2,311**
Financial ratios				
Equity ratio	**1.7**	**1.3**	9.5	9.9
Return on equity	**21.9**	**-149.9**	7.9	-67.5
Average number of full-time employees	**82**	**82**	**78**	**70**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

Operating review

Principal activities of the Company

Boilerworks A/S, which has its registered address in the Danish municipality of Toender, is a fully owned subsidiary of Danstoker A/S. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re-establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Development in activities and financial position

Boilerworks is highly active within the area of service, and the Company has been able to re-establish its position as one of the leading operators in Scandinavia within this segment.

The introduction of the Lean ideas and Lean processes will be initiated during the next financial year.

The overall results achieved by Boilerworks this year are lower than provided for in the budget. The result achieved is not satisfactory, and is mainly caused by major overruns in 3 projects.

The profit for the year before tax is DKK 129 thousand and after tax DKK 106 thousand.

Future outlook

Boilerworks' total volume of orders at the end of the financial year is satisfactory.

Boilerworks will focus on the Lean concept, the optimiszation process in general and the order fulfilment process in particular.

The aim is to generate a profitable, strong and independent enterprise at Boilerworks. The Management will work to maintain an attractive work place with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are delivered in the quality and at the time and prices agreed.

Moreover, Boilerworks aims at achieving optimal utilization of the production facilities.

The Management of Boilerworks is of the opinion that the Company is not facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO_2 will contribute in the long term to making our CO_2-neutral products within biofuels even more relevant and will contribute to securing Boilerworks' continued positive development.

Satisfactory results are expected for the financial year 2018/19.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Financial statements 1 April 2017 - 31 March 2018
Balance Sheet at 31 March 2018

	Note	2017/18		2016/17	
		DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	5				
Development completed		**-**	**-**	6	0.56
Patents and licences		**28**	**3.02**	74	6.87
Goodwill		**1,593**	**171.63**	1,699	157.82
		1,621	**175**	1,779	165.25
Property, plant and equipment	6				
Plant and machinery		**1,306**	**140.71**	3,059	284.14
Fixtures and fittings, tools and equipment		**287**	**30.92**	167	15.51
		1,593	**171.63**	3,226	299.66
Total non-current assets		**3,214**	**346.27**	5,005	464.90
Current assets					
Inventories					
Raw materials and consumables		**2,191**	**236.06**	2,221	206.30
Semi Finished Goods		**293**	**31.57**	224	20.81
		2,484	**267.62**	2,445	227.11
Receivables					
Trade receivables		**3,192**	**343.90**	2,129	197.76
Work in progress (customer-specific orders)	7	**23,600**	**2,542.63**	13,414	1,246.00
Amounts owed by group enterprises		**2,612**	**281.41**	2,582	239.84
Other receivables		**1,194**	**128.64**	1,095	101.71
Prepayments	8	**481**	**51.82**	404	37.53
		31,079	**3,348.41**	19,624	1,822.83
Cash at bank and in hand		**-**	**-**	354	32.88
Total current assets		**33,563**	**3,616.03**	22,423	2,082.82
Total assets		**36,777**	**3,962.30**	27,428	2,547.73
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**53.87**	500	46.44
Contributed premium		**-**	**-**	2,500	232.22
Retained earnings		**115**	**12.39**	(2,645)	(245.69)
Total equity		**615**	**66.26**	355	32.98
Provisions					
Deferred tax	9	**1,613**	**173.78**	1,518	141.00
Other provisions	10	**729**	**78.54**	516	47.93
Total provisions		**2,342**	**252.32**	2,034	188.93
Liabilities					
Non-current liabilities other than provisions					
Lease liabilities	11	**76**	**8.19**	104	9.66
		76	**8.19**	104	9.66
Current liabilities					
Current portion of non-current liabilities other than provisions	11	**25**	**2.69**	25	2.32
Bank loans		**8,241.00**	**887.87**	-	-
Prepayments received from customers	7	**2,881**	**310.39**	11,357	1,054.93
Trade payables		**11,343**	**1,222.08**	5,945	552.22
Amounts owed to group enterprises		**1,862**	**200.61**	476	44.21
Other payables		**9,392**	**1,011.88**	7,132	662.48
		33,744	**3,635.53**	24,935	2,316.16
Total liabilities		**33,820**	**3,643.72**	25,039	2,325.82
Total Equity And liabilities		**36,777**	**3,962.30**	27,428	2,547.73

Income Statement

	Note	2017/18		2016/17	
		DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
Gross profit	2	**13,086**	**1,409.87**	8,800	817.41
Sales and distribution costs		**(943)**	**(101.60)**	(924)	(85.83)
Administrative expenses		**(12,092)**	**(1,302.78)**	(10,495)	(974.86)
Operating (Loss)/ Profit		**52**	**5.49**	(2,619)	(243.27)
Financial income		**1,130**	**121.74**	841	78.12
Financial expenses	3	**(1,053)**	**(113.45)**	(992)	(92.14)
Profit / (Loss) before tax		**129**	**13.79**	(2,770)	(257.30)
Tax on profit / (loss) for the year	4	**(23)**	**(2.48)**	606	56.29
Profit / (Loss) for the year		**106**	**11.31**	(2,164)	(201.01)

Accounting policies	1
Employee relations	12
Charges, collateral and contingencies, etc.	13
Related party - ownership	14

Statement of Changes in Equity

	Note	Share capital		Contributed premium		Retained earnings		Total	
		DKK'000	**Rs Lacs**	**DKK'000**	**Rs Lacs**	**DKK'000**	**Rs Lacs**	**DKK'000**	**Rs Lacs**
Equity at 1 April 2017		500	53.87	2,500	269.35	(2,645)	(284.97)	355	38.25
Transferred		-	-	(2,500)	(269.35)	2,500	269.35	-	-
Transfer see "Proposed profit / loss appropriation"	15	-	-	-	-	106	11.42	106	11.42
Change in value of hedging instruments		-	-	-	-	197	21.22	197	21.22
Tax on changes in equity		-	-	-	-	(43)	(4.63)	(43)	(4.63)
Equity at 31 March 2018		500	53.87	-	-	115	12.39	615	66.26

The contributed capital consists of 1 share at a nominal value of DKK 500,000

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.7739

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888

BOILERWORKS A/S

Financial statements 1 April 2017 – 31 March 2018
Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for the period 1 April 2017 – 31 March 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Cash flow statements have not been prepared as the same are not required as per section 86(4) of the Danish Financial Statements Act. The annual report of Boilerworks A/S is part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The financial statements have been prepared in accordance with the same accounting policies as last year.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit or loss from ordinary activities

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carry-forwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Plant and machinery	3-10 years

Depreciation is recognised in the income statement as production costs (gross profit), sales/ distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 15 years. Provisions are measured and recognised on the basis of past experience with warranty work.
If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

$$\text{Equity ratio} = \frac{\text{Equity at year end x 100}}{\text{Total Equity and Liabilities at year end}}$$

$$\text{Return on equity} = \frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average Equity}}$$

2 Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

DKK'000	**2017/18**	2016/17

3 Financial expenses

DKK'000	**2017/18**	2016/17
Interest expense to group enterprises	-35	-39
Other interest expenses, including foreign exchange losses, etc.	-1,018	-953
	-1,053	-992

4 Tax on profit/loss for the year

Specified as follows:		
Current tax for the year	-72	-31
Deferred tax adjustment for the year	95	-575
	23	-606

5 Intangible assets

DKK'000	Develop-ment completed	Patents and licences	Goodwill	Total
Cost at 1 April 2017	210	1,019	2,116	3,345
Additions during the year	0	0	0	0
Cost at 31 March 2018	210	1,019	2,116	3,345
Impairment losses and depreciation at 1 April 2017	204	944	418	1,566
Depreciation	6	47	105	158
Impairment losses and depreciation at 31 March 2018	210	991	523	1,724
Carrying amount at 31 March 2018	0	28	1,593	1,621

Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2017	9,028	544	9,572
Additions during the year	130	178	308
Disposals during the year	-741	-26	-767
Cost at 31 March 2018	8,417	696	9,113
Impairment losses and depreciation at 1 April 2017	5,969	378	6,347
Depreciation	1,837	58	1,895
Depreciation, disposals	-695	-27	-722
Impairment losses and depreciation at 31 March 2018	7,111	409	7,520
Carrying amount at 31 March 2017	1,306	287	1,593
Property, plant and equipment include finance leases with a carrying amount totalling	0	102	102

7 Work in progress (customer - specific orders)

Work in progress	122,891	61,031
Payments on account	-102,172	-58,974
	20,719	2,057
Recognised as follows:		
Work in progress (customerspecific orders) (assets)	23,600	13,414
Prepayments received from customers (liabilities)	-2,881	-11,357
	20,719	2,057

8 Prepayments

Prepayments comprise prepaid insurance premium, and other prepaid costs.

9 Deferred tax

Deferred tax at 1 April	1,518	2,093
Deferred tax adjustment	95	-575
Deferred tax at 31 March	1,613	1,518

10 Other provisions

Other provisions consists of custom warranties.

11 Non-current liabilities

DKK'000	Total liabilities at 31/03/2018	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Lease liabilities	102	26	76	0
	102	26	76	0

12 Employee relations

DKK'000	2017/18	2016/17
Wages and salaries	40,769	35,933
Pensions	2,589	2,434
Other social security costs	187	186
	43,545	38,553
Remuneration of the Executive Board and the Board of Directors	0	0
Average number of full-time employees	82	82

13 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 5 months total DKK 100 thousand, hereof DKK 100 thousand is falling due in 2018/19.

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 29,145 thousand.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 3,060 thousand, of this DKK 2,040 thousand concerns 2018/19.
The Company has entered project-related forward exchange contracts, concerning currency in SEK 5,299 thousand with a net position as of 31 March 2017 of DKK 162 thousand.

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

14 Related party disclosures

Boilerworks A/S' related parties comprise the following:

Parties exercising control

Danstoker A/S holds the majority of the share capital in the Company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5 % of the voting rights or minimum 5 % of the share capital:
Danstoker A/S
Industrivej Nord 13
7400 Herning

Related party transactions
All transactions with related parties are carried out at arm's length.

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

15 Proposed profit/loss

DKK'000	2017/18	2016/17
Transferred to reserves under equity	106	-2,164
	106	-2,164

BOILERWORKS PROPERTIES ApS

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Registered Office

Boilerworks Properties ApS
Industrivej Nord 13
DK - 7400 Herning

Auditors

Ernst & Young
Godkendt Revisionspartnerselskb
Havnegade 33
DK - 6700 Esbjerg

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Boilerworks Properties ApS for the financial year 1 April 2017 – 31 March 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Herning, 25 April 2018
Executive Board:

Hemant Prabhakar Mohgaonkar   Amitabha Mukhopadhyay

Independent auditor's report

To the shareholders of Boilerworks Properties ApS

Opinion

We have audited the financial statements of Boilerworks Properties ApS for the financial year 1 April 2017 – 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. ·

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 25 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised
Public Accountant
MNE no.: mne35420

Management's review

Company details

Name	Boilerworks Properties ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	35 22 67 61
Established	12 April 2013
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Operating review

Principal activity
The Company's principal activity is to own and lease out the property Papegøjevej 7, DK-6270 Tønder.

The Company is a fully-owned subsidiary of Ejendomsanpartsselskabet Industrivej Nord 13. The ultimate parent company of the company is ARA Trusteeship Company Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Development in activities and financial matters

Management considers profit for the year, DKK 1,552 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2018/19.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

BOILERWORKS PROPERTIES ApS

Financial Statements for the year 1 April 2017 to 31 March 2018

Income Statement
For the period 1 April 2017 to 31 March 2018

		2017/18		2016/17	
	Note	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**1,986**	**213.97**	1,986	184.48
Impairment losses and depreciation	4	**(126)**	**(13.58)**	(126)	(11.70)
Operating profit		**1,860**	**200.39**	1,860	172.77
Financial income	2	**129**	**13.90**	40	3.72
Financial expenses		**-**	**-**	-	-
Profit before tax		**1,989**	**214.29**	1,900	176.49
Tax on profit for the year	3	**(437)**	**(47.08)**	(418)	(38.83)
Profit for the year		**1,552**	**167.21**	1,482	137.66
Proposed profit appropriation					
Proposed dividend		**-**	**-**	-	-
Retained earnings		**1,552**	**167.21**	1,482	137.66
		1,552	**167.21**	1,482	137.66

Balance Sheet at 31 March 2018

		2017/18		2016/17	
	Note	DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		**3,964**	**427.08**	4,090	379.91
Total non-current assets		**3,964**	**427.08**	4,090	379.91
Current assets					
Receivables					
Amount owed by group compnies		**4,340**	**467.59**	2,419	224.70
		4,340	**467.59**	2,419	224.70
Cash at bank and in hand		**218**	**23.49**	23	2.14
Total current assets		**4,558**	**491.07**	2,442	226.83
Total assets		**8,522**	**918.15**	6,532	606.74
EQUITY AND LIABILITIES					
Equity					
Share capital		**80**	**8.62**	80	7.43
Contributed premium		**-**	**-**	920	85.46
Retained earnings		**6,098**	**656.99**	3,626	336.81
Total equity		**6,178**	**665.61**	4,626	429.70
Provisions					
Provisions for deferred tax		**11**	**1.19**	6	0.56
Total Provisions		**11**	**1.19**	6	0.56
Liabilities					
Current Liabilities other than provisions					
Amounts owed to group companies		**2,177**	**234.55**	1,744	162.00
Other payables		**156**	**16.81**	156	14.49
Total liabilities		**2,333**	**251.35**	1,900	176.49
TOTAL EQUITY AND LIABILITIES		**8,522**	**918.15**	6,532	606.74

1 Accounting policies

5 Charges, collateral and contingencies, etc.

6 Related party - ownweship

Statement of Changes in Equity

	Share capital		Contributed premium		Retained earnings		Total	
	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1 April 2017	80	8.62	920	99.12	3,626	390.66	4,626	498.40
Transferred	-	-	-920	(99.12)	920	99.12	-	-
Transfer, see "Proposed profit appropriation"	-	-	-	-	1,552	167.21	1,552	167.21
Equity at 31 March 2018	80	8.62	-	-	6,098	656.99	6,178	665.61

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.7738

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888

Financial statements for the year 1 April 2017 – 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks Properties ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a con-stant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Other external expenses

Other external expenses comprise administrative expenses.

Gross profit

Revenue and other external costs are summed up in gross profit in compliance with Section 32 in the Danish Financial Statements Act.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are in-cluded in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated among the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry-forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax ex-pense relating to income and expenses recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses and revalued at fair value if any significant changes in the value of land and buildings are recognised. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less expected residual value at the end of the useful life plus any revaluation.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings up to 30 years

In connection with significant changes in the value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. The revaluation is recognised directly in equity. The revaluation is depreciated over the rest useful lives of the assets.

Gains or losses on the disposal of property, plant and equipment are determined as the difference be-tween the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of non-current assets

The carrying amount of property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by deprecia-tion or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company.

Joint taxation contribution payable and receivable is recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements for the year 1 April 2017 – 31 March 2018

DKK'000	**2017/18**	2016/17

2 Financial income

DKK'000	**2017/18**	2016/17
Interest income, group companies	129	40
	129	40

3 Tax on profit for the year

Joint taxation contribution for the year	432	413
Adjustment of deferred tax assets	5	5
	437	418

4 Property, plant and equipment

DKK'000	**Land and buildings**
Cost at 1 April 2017	4,623
Cost at 31 March 2018	4,623
Impairment losses and depreciation at 1 April 2017	-533
Impairment losses and depreciation for the year	-126
Impairment losses and depreciation at 31 March 2018	-659
Carrying amount at 31 March 2018	3,964

5 Charges, collateral and contingencies etc.

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Mortgage registered to the owner, nominal DKK 500 thousand, is held by the company.

6 Related party - ownership

The following shareholders are registered in the Company's register at shareholders as holding at least 5 % of the voting rights or at least 5 % of the share capital:
Ejendomsanpartsselskabet Industrivej Nord 13
Industrivej Nord 13, DK - 7400 Herning

Information about consolidated financial statements

Parent	**Domicile**	**Requisitioning of the parent's consolidated financial statements**
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

THERMAX ENGINEERING SINGAPORE PTE LTD

Board of Directors	*Registered Office*	*Auditors*
Amitabha Mukhopadhyay Hemant Mohgaonkar Ha Ling-Ling Pheroz Pudumjee	100 Beach Road, # 30-00, Show Towers, Singapore 189702	Pricewaterhouse Coopers LLP 8 Cross Street, # 17-00, PWC Building Singapore 048424

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2018.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Amitabha Mukhopadhyay
Hemant Prabhakar Mohgaonkar
Ha Ling-Ling
Pheroz Naswanjee Pudumjee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director	
	At 31.03.2018	**At 1.4.2017 or date of appointment if later,**
Pheroz Naswanjee Pudumjee		
Immediate Holding Corporation		
- Thermax Limited	6,000	6,000
Amitabha Mukhopadhyay		
Immediate Holding Corporation		
- Thermax Limited	450	450

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Amitabha Mukhopadhyay	Hemant Mohgaonkar
Director	Director
Date: 16th May 2018	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF THERMAX ENGINEERING SINGAPORE PTE LTD

For the financial year ended 31 March 2018

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Thermax Engineering Singapore Pte Ltd (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 March 2018;
- the balance sheet as at 31 March 2018;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore,
16 May 2018

Statement of Comprehensive Income

For the financial year ended 31 March 2018

PARTICULARS	Notes	For the financial year ended 31 March 2018		For the financial year ended 31 March 2017	
		USD	Rs Lacs	USD	Rs Lacs
Currency exchange loss - net		**(921)**	**(0.60)**	(623)	(0.40)
		(921)	**(0.60)**	(623)	(0.40)
EXPENSES					
- Professional and Legal Fees		**49,693**	**32.38**	13,841	8.98
- Bank charges		**1,336**	**0.87**	3,791	2.46
- Others		**2,504**	**1.63**	2,607	1.69
Total Expenses		**53,533**	**34.89**	20,239	13.12
Loss before tax		**(54,454)**	**(35.49)**	(20,862)	(13.53)
Income tax expense	3	**-**	**-**	(20,794)	(13.48)
Loss after tax and total comprehensive loss		**(54,454)**	**(35.49)**	(41,656)	(27.01)

Exchange Rate : as at 31 March 2018 is 1 USD = Rs 65.17

Exchange Rate : as at 31 March 2017 is 1 USD = Rs 64.85

Balance Sheet as at 31 March 2018

PARTICULARS	Notes	2018		2017	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Current assets					
Cash & cash equivalents	4	**583,164**	**380.05**	899,888	583.53
Other current assets	5	**3,815**	**2.49**	4,580	2.97
		586,979	**382.53**	904,468	586.50
Non-current assets					
Investments in a subsidiaries	6	**17,186,166**	**11,200.22**	15,923,008	10,325.27
Total assets		**17,773,145**	**11,582.76**	16,827,476	10,911.78
LIABILITIES					
Current liabilities					
Other payables	7	**10,147**	**6.61**	10,024	6.50
Total liabilities		**10,147**	**6.61**	10,024	6.50
Net assets		**17,762,998**	**11,576.15**	16,817,452	10,905.28
Equity					
Share capital	8	**17,800,000**	**11,600.26**	16,800,000	10,893.96
Retained earnings		**(37,002)**	**(24.11)**	17,452	11.32
Total Equity		**17,762,998**	**11,576.15**	16,817,452	10,905.28

Approved by the Board of Directors on 16 May 2018 and signed on its behalf by:

Amitabha Mukhopadhyay	Hemant Mohgaonkar
Director	Director

Statement of Changes In Equity

For the financial year ended 31 March 2018

	Share Capital		Retained earnings		Total Equity	
2018	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Beginning of financial year	16,800,000	10,948.56	17,452	11.37	16,817,452	10,959.93
Shares issued during the year	10,00,000	651.70	-	-	10,00,000	651.70
Total comprehensive loss	-	-	(54,454)	(35.49)	(54,454)	(35.49)
End of financial year	**17,800,000**	**11,600.26**	**(37,002)**	**(24.11)**	**17,762,998**	**11,576.15**
2017						
Beginning of financial year	10,800,000	7,038.36	59,108	38.52	10,859,108	7,076.88
Shares issued during the year	60,00,000	3,910.20	-	-	60,00,000	3,910.20
Total comprehensive loss	-	-	(41,656)	(27.15)	(41,656)	(27.15)
End of financial year	16,800,000	10,948.56	17,452	11.37	16,817,452	10,959.93

Statement of Cash Flows

For the financial year ended 31 March 2018

PARTICULARS	Notes	For the financial year ended 31 March 2018		For the financial year ended 31 March 2017	
		USD	**Rs Lacs**	**USD**	**Rs Lacs**
Cash flow from operating activities					
Loss after tax		**(54,454)**	**(35.49)**	(41,656)	(27.01)
Adjustments for:					
- Income Tax Expenses		-	-	20,794	13.48
		(54,454)	**(35.49)**	(20,862)	(13.53)
Changes in working capital:					
- Other Current assets		**765**	**0.50**	104,019	67.45
- Other Payables		**123**	**0.08**	(814)	(0.53)
Cash (used in)/ generated from operations		**(53,566)**	**(34.91)**	82,343	53.40
Income Tax Paid		-	-	(20,794)	(13.48)
Net cash used in / provided by operating activities		**(53,566)**	**(34.91)**	61,549	39.91
Cash flows from investing activities					
Investment in a subsidiaries		**(1,263,158)**	**(823.20)**	(8,073,171)	(5,235.05)
Net cash used in investing activities		**(1,263,158)**	**(823.20)**	(8,073,171)	(5,235.05)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		**1,000,000**	**651.70**	6,000,000	3,890.70
Net cash provided by financing activities		**1,000,000**	**651.70**	6.000,000	3,890.70
Net decrease in cash and cash equivalents		**(316,724)**	**(206.41)**	(2,011,622)	(1,304.44)
Cash and cash equivalents at beginning of financials year	4	**899,888**	**586.46**	2,911,510	1,887.97
Cash and cash equivalents at end of financial year	4	**583,164**	**380.05**	899,888	583.53

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 100 Beach Road, #30-00, Shaw Towers, Singapore 189702.

The principal activity of the Company is that of an investment holding company.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Thermax Limited, incorporated in India, which produces consolidated financial statements available for public use. The registered office of Thermax Limited is D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019, India.

2.2 Investment in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment loss in the Company's balance sheet. On disposal of investment in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.3 Impairment of non-financial assets

Investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.4 Loan and receivables
Cash and cash equivalents
Other receivables

Cash and cash equivalents and other receivables are initially recognised at their fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognise an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.5 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.7 Currency translation

The financial statements are presented in United States Dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'other gains/losses'. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, which are subject to an insignificant risk of change in value.

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital accounts.

3. Income tax

	2018	2017
	US$	US$
Tax expense attributable to profit is made up of:		
- Foreign withholding taxes	-	20,794

The tax expense on the loss differs from the theoretical amount that would arise using the Singapore Standard rate of income tax as follows:

	2018	2017
	US$	US$
Loss before tax	(54,454)	(41,656)
Tax calculated at a tax rate of 17% (2017: 17%)	(9,257)	(7,082)
Effects of:		
- Deferred tax asset not recognised	9,257	7,082
- Foreign withholding taxes	-	20,794
Tax charge	-	20,794

4. Cash and cash equivalents

	2018	2017
	US$	US$
Cash at bank	583,164	899,888

5 Other current assets

	2018	2017
	US$	US$
Deposits	3,815	3,580
Others	-	1,000
	3,815	4,580

6. Investment in subsidiaries

	2018	2017
	US$	US$
Equity investments at cost		
Beginning of financial year	15,923,008	7,849,837
Additions	1,263,158	8,073,171
End of financial year	17,186,166	15,923,008

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activity	Country of business/ incorporation	Equity holding 2018 %	Equity holding 2017 %
PT Thermax International Indonesia	Manufacture of component parts	Indonesia	99.995	99.995
Thermax Energy & Environment Philippines Corporation	Marketing and sales of component parts	Philippines	100*	100*
Thermax Energy & Environment Lanka (Private) Limited	Marketing and sales of component parts	Sri Lanka	100	-

* 100% beneficial owner of Thermax Energy & Environment Philippines Corporation is Thermax Engineering Singapore Pte Ltd. 5 individuals are holding 1 share each in trust for the beneficial owner to fulfil the local law requirement to have minimum 5 natural persons as members.

7. Other payables

	2018	2017
	US$	US$
Accrual for operating expenses	10,147	10,024

8. Share capital

	No. of ordinary shares, with no par value	Amount
		US$
2018		
Balance at 1 April 2017	16,800,000	16,800,000
Issuance of ordinary shares	1,000,000	1,000,000
Balance at 31 March 2018	**17,800,000**	**17,800,000**
2017		
Balance at 1 April 2016	10,800,000	10,800,000
Issuance of ordinary shares	6,000,000	6,000,000
Balance at 31 March 2017	**16,800,000**	**16,800,000**

During the financial year, the Company issued 1,000,000 (2017: 6,000,000) ordinary shares for a total consideration of US$1,000,000 (2017: US$6,000,000). The newly issued shares rank pari passu in all respects with the previously issued shares.

9. Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency risk and interest rate risk), credit risk, and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits. Financial risk management is carried out by the finance personnel.

(a) Market risk

(i) Currency risk

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risk.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the balance sheet. The Company's major class of financial assets is cash at bank.

Bank deposits that are neither past due nor impaired are mainly deposits with financial institutions which have high credit ratings.

There is no other class of financial assets that is past due and/or impaired.

(c) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash and has financial support from its holding corporation to enable it to meet is operational requirements. All financial liability balances are due within 12 months of the balance sheet date.

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Directors monitors its capital based on net debt and total capital. Net debt is calculated as other payables less cash and bank deposits. Total capital is calculated as total equity plus net debt.

	2018	2017
	US$	US$
Net debt	-	-
Total equity	17,762,998	16,817,452
	17,762,998	**16,817,452**

The Company is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The carrying values of the current financial assets and financial liabilities of the Company approximate to their fair values.

10. Related party transactions

There is no compensation made to directors of the Company as the directors have employment relationship only with related corporations and received no compensation from the Company during the financial year.

11. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Thermax Limited, incorporated in India. The ultimate holding corporation is RDA Holdings Private Limited, incorporated in India.

12. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2018 and which the Company has not early adopted:

(a) FRS 109 Financial instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the

'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

(i) Transition

The Company plans to adopt the new standard retrospectively from 1 January 2018, in line with the transition provisions permitted under the standard. Comparatives for 2017 will not be restated and the Company will recognise any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening retained earnings.

(ii) Equity investments reclassified from available-for-sale to FVOCI

The Company plans to elect to recognise changes in fair value of all its equity investments not held for trading and classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of $956,000 will be reclassified from "available-for-sale financial assets" to "financial assets, at fair value through other comprehensive income ("FVOCI")" on 1 January 2018. Fair value gains and losses will continue to be recognised in other comprehensive income and accumulated in fair value reserve. However, gain or losses realised on the sale of such assets will no longer be transferred to profit or loss on sale, but instead reclassified from fair value reserve to retained profits.

(iii) Impairment of financial assets

The following financial assets will be subject to the expected credit losses impairment model under FRS 109:

- trade receivables and contract assets; and
- loan to and other receivables from immediate holding corporation

FRS 115 replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

(i) Transition

The Company plans to adopt the new standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in the opening retained profits at 1 January 2018 and comparative information for 2017 will not be restated. The Company does not expect a material impact on the financial statement upon adoption of the Interpretation.

(ii) Accounting for sales with a right of return

The Company allows its customers to return component parts purchased within seven days of delivery. FRS 115 requires a contract liability (refund liability) and a right to the returned goods to be recognised for products expected to be returned. The expected refunds to customers which were presented as current provision will be reclassified as contract liabilities.

(c) INT FRS 122 Foreign Currency Transactions and Advance Considerations

INT FRS 122 Foreign Currency Transactions and Advance Considerations considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 The Effects of Changes in Foreign Exchange Rates. The Interpretation applies where the Company either pays or receives consideration in advance for foreign currency denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

(i) Transition

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company does not expect a material impact on the financial statement upon adoption of the Interpretation.

(d) FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the company's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Company has yet to determine to what extent the commitments as at 31 December 2017 will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

The Company does not expect that the adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

13. Events occurring after balance sheet date

On 17 April 2018, the Company injected additional capital amounting to US$194,970 into one of its subsidiary, Thermax Energy & Environment Philippines Corporation.

14. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Thermax Engineering Singapore on 16 May 2018.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner	***Board of Directors***	***Registered Office***
Amitabha Mukhopadhyay Commissioner	Jawahar Harinarayanan President Director Hemant Mohgaonkar Director	Menara Palma 9th Floor Unit 9-02B/03, Jl. H.R. Rasuna Said Blok. X Kav. 6, South Jakarta 12950.
Auditors	***Bankers***	
KAP Tanudiredja, Wibisana, Rintis & Rekan Plaza 89, Jl H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940- Indonesia	Citi Bank,NA. PT- Mandiri Bank	

DIRECTORS' STATEMENT REGARDING RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018
PT THERMAX INTERNATIONAL INDONESIA

In accordance with a resolution of the directors of PT Thermax International Indonesia (the "Company"), in the opinion of the directors:

(a) We are responsible for the preparation and presentation of the financial statements of the Company.

(b) The financial statements of the Company have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

(c) (i) All Information in the financial statements of the Company have been disclosed in a complete and truthful manner;

(ii) The financial statements of the Company does not contain any incorrect information or material fact, nor does it omit information or material fact; and

(d) We are responsible for the Company's internal control system.

This statement is made truthfully.

For and on behalf of the directors:

Jawahar Harinarayanan
President Director

Jakarta
15 May 2018

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
PT THERMAX INTERNATIONAL INDONESIA

We have audited the accompanying financial statements of PT Thermax International Indonesia, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of PT Thermax International Indonesia as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

JAKARTA,
15 May 2018

Yanto, S.E., Ak., M.Ak., CPA
License of Public Accountant No. AP.0241

PT THERMAX INTERNATIONAL INDONESIA

Statement of Financial Position as at 31 March 2018

	Notes	2018 Rp'000	2018 Rs Lakhs	2017 Rp'000	2017 Rs Lakhs
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	**6,172,195**	**292.11**	35,385,275	1,722.24
Trade Receivables	5	**1,224,602**	**57.96**	-	-
Advances and prepayments		**1,986,835**	**94.03**	1,302,920	63.41
Inentory	6	**9,512,588**	**450.21**	588,563	28.65
Prepaid Taxes	11a	**6,838,933**	**323.67**	5,496,436	267.52
Other receivables	18a	**25,866**	**1.22**	763	0.04
Total current assets		**25,761,019**	**1,219.21**	42,773,957	2,081.85
NON-CURRENT ASSETS					
Advances and prepayments		**793,008**	**37.53**	1,015,185	49.41
Prepaid tax	11a	**7,534,299**	**356.58**	7,534,299	366.70
Fixed assets, net	7	**147,408,306**	**6,976.47**	144,243,773	7,020.49
Intangible asset, net		**81,985**	**3.88**	16,799	0.82
Total non-current assets		**155,817,598**	**7,374.46**	152,810,056	7,437.42
TOTAL ASSETS		**181,578,617**	**8,593.67**	195,584,013	9,519.26
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	8	**6,866,212**	**324.95**	6,347,640	308.95
Unearned revenue	9	**14,135,228**	**668.99**	-	-
Taxes Payables	11b	**177,802**	**8.41**	126,268	6.14
Accrued expenses and other payables	10	**3,494,404**	**165.38**	6,334,225	308.29
Total current liabilities		**24,673,646**	**1,167.74**	12,808,133	623.39
NON-CURRENT LIABILITIES					
Long term employee benefit liabilities		**820,276**	**38.82**	219,058	10.66
Other Non-Current Liablities		**16,894**	**0.80**	-	-
Total non-current liabilities		**837,170**	**39.62**	219,058	10.66
TOTAL LIABILITIES		**25,510,816**	**1,207.36**	13,027,191	634.04
EQUITY					
Share capital					
Authorised: 210,000 shares issued and fully paid up - 210,000 shares, with par value of Rp 1,000,000 per share	12	**210,000,000**	**9,938.78**	210,000,000	10,220.91
Accumulated losses		**(53,932,199)**	**(2,552.48)**	(27,443,178)	(1,335.69)
Total equity		**156,067,801**	**7,386.30**	182,556,822	8,885.22
TOTAL LIABILITIES AND EQUITY		**181,578,617**	**8,593.67**	195,584,013	9,519.27

The accompanying notes form an integral part of these financial statements

Exchange Rate: as at 31 March 2018 is 1 IDR = INR 0.00473

Exchange Rate: as at 31 March 2017 is 1 IDR = INR 0.00486

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018

	Notes	2018 Rp'000	2018 Rs Lakhs	2017 Rp'000	2017 Rs Lakhs
Income					
Revenue	15	**3,485,150**	**164.94**	-	-
Other Income		**96,480**	**4.57**	255,565	12.92
		3,581,630	**169.51**	255,565	12.92
Expenses					
Cost of raw materials	16	**(5,516,377)**	**(261.08)**	-	-
Increase in work - in - progress and finished goods inventories	16	**4,047,513**	**191.56**	-	-
Employee benefits expense		**(15,133,516)**	**(716.23)**	(9,989,953)	(505.17)
Depreciation and amortisation expense		**(4,049,425)**	**(191.65)**	(689,000)	(34.84)
Selling and distribution expenses		**(75,733)**	**(3.58)**	-	-
Other operating expenses	17	**(9,271,071)**	**(438.78)**	(5,587,365)	(282.54)
Foreign exchange (loss)/gain		**(24,043)**	**(1.14)**	436,125	22.05
		(30,022,652)	**(1,421)**	(15,830,193)	(800)
Loss before income tax		**(26,441,022)**	**(1,251.39)**	(15,574,628)	(787.57)
Income tax expenses	11c	**-**	**-**	-	-
Loss for the year		**(26,441,022)**	**(1,251.39)**	(15,574,628)	(787.57)
Other comprehensive income that will be reclassified to profit or loss					
Re-measurement of post - employment benefit		**(47,999)**	**(2.27)**	(4,879)	(0.25)
Total comprehensive loss for the year/period		**(26,489,021)**	**(1,253.66)**	(15,579,507)	(787.82)

The accompanying notes form an integral part of these financial statements

Statement of Changes In Equity for the year ended 31 March 2018

	Notes	Share capital		Advance for Share Subscription		Accumulated Losses		Total	
		Rp'000	Rs Lakhs	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
Balance as at 1 April 2016		**10,000,000**	**473.28**	**96,220,000**	**4,553.85**	**(11,863,671)**	**(561.48)**	**94,356,329**	**4,465.65**
Advances for shares subscription conversion	13	96,220,000	4,553.85	(96,220,000)	(4,553.85)	-	-	-	-
Share Issuance	12	103,780,000	4,911.65	-	-	-	-	103,780,000	4,911.65
Loss for the year		-	-	-	-	(15,574,628)	(737.11)	(15,574,628)	(737.11)
Remeasurement of post empolyment benefit		-	-	-	-	(4,879)	(0.23)	(4,879)	(0.23)
Balance as at 31 March 2017		**210,000,000**	**9,938.78**	**-**	**-**	**(27,443,178)**	**(1,298.82)**	**182,556,822**	**8,639.96**
Loss for the year		-	-	-	-	(26,441,022)	(1,251.39)	(26,441,022)	(1,251.39)
Remeasurement of post-empolyment benefit		-	-	-	-	(47,999)	(2.27)	(47,999)	(2.27)
Balance as at 31 March 2018		**210,000,000**	**9,938.78**	**-**	**-**	**(53,932,199)**	**(2,552.48)**	**156,067,801**	**7,386.30**

Statement of Cash Flows for the year ended 31 March 2018

	2018		2017	
	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
Cash flows from operating activities				
Loss before income tax	**(26,441,022)**	**(1,251.39)**	(15,574,628)	(758.03)
Adjustments for:				
Depreciation of fixed assets	**4,029,611**	**190.71**	684,124	33.30
Amortisation of intangible assets	**19,814**	**0.94**	4,876	0.24
Employee benefit liabilities	**553,219**	**26.18**	(250,510)	(12.19)
Provision for Warranties	**16,894**	**0.80**	-	-
Loss on Disposal of fixed asset	**-**	**-**	8,661	0.42
Interest Income	**(96,445)**	**(4.56)**	(5,055)	(0.25)
Unrealised foreign exchange gain	**(67,915)**	**(3.21)**	(106,872)	(5.20)
Operating cash flows before changes in working capital	**(21,985,844)**	**(1,040.54)**	(15,239,404)	(741.72)
Changes in assets and liabilities:				
Trade receivables	**(1,222,012)**	**(57.83)**	-	-
Advances and prepayments	**(461,738)**	**(21.85)**	247,909	12.07
Inventories	**(8,924,025)**	**(422.35)**	(588,563)	(28.65)
Prepaid Value Added Tax	**(1,244,580)**	**(58.90)**	(5,358,244)	(260.79)
Other receivables	**(25,103)**	**(1.19)**	(763)	(0.04)
Trade payables	**3,421,088**	**161.91**	(647,618)	(31.52)
Unearned Revenue	**14,135,228**	**668.99**	-	-
Taxes payable	**51,534**	**2.44**	63,851	3.11
Accrued expenses and other payables	**1,385,738**	**65.58**	368,086	17.92
Other current liabilities	**-**	**-**	(420,552)	(20.47)
Payment of corporate income tax	**(97,917)**	**(4.63)**	-	-
Receipt of interest income	**96,445**	**4.56**	5,055	0.25
Net cash flows used in operating activities	**(14,871,186)**	**(703.82)**	(21,570,243)	(1,049.85)
Cash flows from investing activities				
Acquisition of fixed assets	**(14,351,758)**	**(679.23)**	(52,190,526)	(2,540.17)
Acquisition of intangible asset	**(85,000)**	**(4.02)**	(6,090)	(0.30)
Net cash flows used in investing activities	**(14,436,758)**	**(683.26)**	(52,196,616)	(2,540.46)
Cash flows from financing activities				
Proceeds from shares issuance	**-**	**-**	103,780,000	5,051.08
Proceeds from shareholder's loan	**-**	**-**	-	-
Net cash flows provided from financing activities	**-**	**-**	103,780,000	5,051.08
Net (decrease)/increase in cash and cash equivalents	**(29,307,944)**	**(1,387.07)**	30,013,141	1,460.77
Cash and cash equivalents at the beginning of the period	**35,385,275**	**1,674.70**	5,265,262	256.27
Foreign exchange gain on cash and cash equivalents	**94,864**	**4.49**	106,872	5.20
Cash and cash equivalents at the end of the period	**6,172,195**	**292.11**	35,385,275	1,722.24

The accompanying notes form an integral part of these financial statements

Notes To The Financial Statements 31 MARCH 2018 (Expressed in thousands of Rupiah, unless otherwise stated)

1. GENERAL

PT Thermax International Indonesia (the "Company") was established on 22 October 2014 based on Notarial Deed No. 12 dated 1 October 2014 of Jimmy Tanal, S.H., M.Kn., Notary in Jakarta. The Notarial Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia through Decision Letter No. AHU-30730.40.10.2014 dated 22 October 2014.

The Company's Articles of Association have been amended from time to time. The most recent amendment was based on Notarial Deed No. 226 dated 28 September 2016 of Hasbullah Abdul Rasyid, S.H., M.Kn., a Notary in Jakarta, concerning the increase on the authorised, issued and paid-up capital to become 210,000 shares. The Notarial Deed has been approved by the Capital Investment Coordinating Board ("BKPM") through Changes in Principal Permit Letter No. 3520/1/IP-PB/PMA/2016 dated 05 October 2016 and also by the Ministry of Law and Human Rights of Republic of Indonesia (''MOLHR'') through decision letter No. AHU-AH.01.03-0092299 dated 25 October 2016.

In accordance with Article 3 of the Company's Articles of Association, the main activity of the Company is the manufacturing of industrial products such as steam boilers, heaters, absorption chillers, etc and their spare parts. The Company commenced its commercial production in second quarter of financial year 2017 – 2018.

The Company's office is located at Menara Palma 9th Floor Unit 9-02B/03, Jl. H.R. Rasuna Said Blok. X Kav. 6, South Jakarta 12950 and the manufacturing plant is located at Krakatau Industrial Estate, Cilegon, Banten.

As at 31 March 2018 and 2017, the Company's Commissioner and Board of Directors were as follows:

Commissioner	: Mr. Amitabha Mukhopadhyay
President Director	: Mr. Jawahar Harinarayanan
Director	: Mr. Hemant Mohgaonkar

The Company's parent entity is Thermax Engineering Singapore Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is RDA Holding Private Limited, a company incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods mentioned unless otherwise stated.

a. Basis of preparation of the financial statements

The Company's financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

The financial statements have been prepared under the historical cost convention and using the accrual basis, except for the statement of cash flows.

Figures in the financial statements are rounded to and stated in thousands of Rupiah ("Rp"), unless otherwise stated.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when 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 financial statements are disclosed in Note 3.

Changes to the Statements of Financial Accounting Standards ("SFAS") and Interpretations of Statements of Financial Accounting Standards ("ISFAS")

On 1 April 2017, the Company adopted new and revised SFAS and ISFAS that are mandatory to be applied from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the representative standards and interpretations.

The adoption of these new or revised standards and interpretations which are effective from 1 January 2017 but did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported in the financial statements are as follow:

- The amendments to SFAS 1 (revised 2015) "Presentation of Financial Statements – Disclosure Initiative"
- SFAS 3 (adjusted 2016) "Interim Financial Statements"
- SFAS 24 (adjusted 2016) "Employee Benefits"
- SFAS 58 (adjusted 2016) "Non-Current Assets Held for Sale and Discontinued Operations"
- SFAS 60 (adjusted 2016) "Financial Instruments: Disclosure"
- ISFAS 31 "Interpretation of SFAS 13: Investment Property"
- ISFAS 32 "Definition and Hierarchy of Financial Accounting Standards"

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2017 (which include the financial year beginning 1 April 2017) are as follows:

- The amendments to SFAS 2 "Statement of Cash Flows - Disclosure Initiative"
- The amendments to SFAS 13 "Investment Property - Transfers of Investment Property"
- The amendments to SFAS 15 "Investments in Associates and Joint Ventures"
- The amendments to SFAS 16 (revised 2015) "Fixed Assets"
- The amendments to SFAS 46 "Income Taxes" about recognition of deferred tax assets for unrealised losses
- The amendments to SFAS 53 "Share-based Payment - Classification and Measurement of Share-based Payment Transactions"
- Annual improvement on SFAS 67 (revised 2017) "Disclosures of Interests in Other Entities"
- SFAS 69 "Agriculture"
- SFAS 71 "Financial Instruments"
- SFAS 72 "Revenue from Contracts with Customers"
- SFAS 73 "Leases"
- The amendments to SFAS 62 "Insurance Contracts - Applying SFAS 71: Financial Instruments to SFAS 62: Insurance Contracts"
- The amendments to SFAS 71 "Financial Instruments"
- ISFAS 33 "Foreign Currency Transactions and Advance Consideration"
- ISFAS 34 "Uncertainty over Income Tax Treatments"

The above standards are effective for the financial years beginning on or after 1 April 2018 except for ISFAS 33 and ISFAS 34 which are effective for the financial years beginning on or after 1 April 2019 and SFAS 71, SFAS 72, SFAS 73, amendments to SFAS 15 and amendments to SFAS 62 which are effective for the financial years beginning on or after 1 April 2020.

Early adoption of the above standards is permitted, but early adoption of SFAS 73 is permitted only upon the early adoption of SFAS 72.

As at the authorisation date of these financial statements, the Company was still evaluating the potential impact of the implementation of these new and amended standards and interpretations.

b. Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Rupiah, which is the functional and presentation currency of the Company.

ii) Transactions and balances

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

As at 31 March 2018 and 2017, the exchange rates used, were as follows (United States Dollars full amount):

	2018	2017
United States Dollars 1	**13,756**	13,321

c. **Financial assets**

(i) **Classification**

As at 31 March 2018 and 2017, the Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise "cash and cash equivalents", "trade receivables" and "other receivables" in the statement of financial position.

(ii) **Recognition and measurement**

Loans and receivables are initially recognised at fair value including directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(iii) **Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent upon future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(iv) **Impairment of financial assets**

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of a financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest of principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss will be reversed either directly or by adjusting an allowance account to the extent that the reversal will not result in the carrying amount of financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date at which the impairment was reversed. The reversal amount will be recognised in profit or loss.

d. **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposit held with original maturities of three months or less and cash in banks that are not used as collateral or are not restricted.

The statement of cash flows has been prepared using the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

e. **Trade and other receivables**

Trade receivables are amounts due from customers for revenues recognised on the sale of goods and services in the ordinary course of business.

Other receivables are receivables from transactions other than the sale of goods and services.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

The collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The impairment loss is recognised in profit or loss. When trade and other receivables for which a provision has been recognised become uncollectible in a subsequent period, they are written off against the provision account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

f. **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the moving average method for raw materials. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of directly attributable fixed and variable overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion, if any, and selling expenses.

Provision for obsolete and slow-moving inventory is determined on the basis of estimated future sale of individual inventory items.

g. **Prepayments**

Prepayments are amortised on a straight-line basis over the estimated beneficial periods of the prepayments.

h. **Intangible asset**

Intangible asset consists of software acquired by the Company. Acquired software is capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of four years.

i. Fixed assets

Initial legal costs incurred to obtain land rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. The costs related to renewal of land rights are recognised as intangible assets and amortised during the period of the land rights.

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that is directly attributable to the acquisition of the assets.

Land is not depreciated. Depreciation of other fixed assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Year
Computers	4
Office equipment	4
Furnitures and fixtures	4
Tools and equipment	4
Building	20
Machinery	16

Subsequent 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 amounts of replaced parts are derecognised. All other repairs and maintenances are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Net gains or losses on disposals of fixed assets are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The accumulated costs of the construction of buildings or factories and the installation of machinery are capitalised as construction in progress. These costs are reclassified to fixed assets when the construction or installation is complete. Depreciation is charged from the date the assets are ready for use in the manner intended by management.

j. Impairment of non-current assets

Fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the non-current assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, non-current assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversal of an impairment loss for non-current assets will be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal of impairment losses will be immediately recognised in profit or loss.

k. Leases

The determination of whether an arrangement is, or contains, a lease is made based on the substance of the arrangement and assessment of whether 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.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the term of the lease.

Leases of fixed assets where the Company as lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased fixed assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability portion and the finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities, except for those with maturities of 12 months or less which are included in current liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Fixed assets acquired under finance leases are depreciated similarly to owned assets. If there is no reasonable certainty that the Company will hold the ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

l. Trade and other payables and accruals

Trade and other payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and accruals are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

m. Employment benefit liabilities

The Company is required to provide a minimum amount of pension benefits in accordance with Labour Law No. 13/2003. Since the Labour Law sets the formula for determining the minimum amount of benefits, in substance pension plans under the Labour Law represent defined benefit plans.

A defined benefit plan is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields of Government Indonesia bonds (considering that currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity similar to the related pension obligations.

Remeasurements of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the curtailment or settlement occurs.

n. Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of discounts, returns, sales incentives and Value Added Tax. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to customers. Revenue from services is recognised when services are rendered.

Expenses are recognised as incurred on an accrual basis.

o. Current and deferred income tax

The income tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, it establishes provision based on the amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates pursuant to laws or regulations that have been enacted or substantially enacted at the reporting date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Tax losses carry forward are recognised as a deferred tax asset when it is probable that there will be future taxable profit available against which the unused tax losses can be utilised.

Other deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

p. Provisions

Provision for restructuring costs, legal claims, and environmental issues is recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle
- the obligation; and
- the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of an outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognised.

Provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increase in the provision due to the passage of time is recognised as a finance cost.

q. Share capital

Ordinary shares are classified as equity.

r. Transactions with related parties

The Company enters into transactions with related parties as defined in SFAS 7 "Related party disclosures". It is the policy of the Company that such transactions are conducted on normal commercial terms.

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the future events that are believed to be reasonable under the circumstances.

The Company has identified the following matters under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position of the Company reported in future years.

Income taxes

Significant judgments and assumptions are required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Currently the Company does not recognise any provision for anticipated tax audit issues based on the expectation that no additional taxes will be due. Where the final tax outcome of these matters is different from the estimates that were initially made by management, such differences will have an impact on the respective tax assets and liabilities in the period in which such determination is made.

Useful lives of fixed assets

The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives and based on machine working hours. The management estimates the useful lives of these fixed assets to be between 4 and 20 years. Changes in the expected level of usage and technological development could have an impact on the economic useful lives and the residual values of these assets.

The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

Net realisable value of inventory

The Company reviews the carrying value of its inventory at each reporting date to ensure that the cost does not exceed the net realisable value. Estimates of net realisable value include a number of assumptions, including freight or insurance price expectations and the estimated costs to complete inventory into a saleable product.

4. CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand	**10,287**	3,281
Cash in banks	**6,161,908**	35,381,994
	6,172,195	35,385,275

5. TRADE RECEIVABLES

	2018	2017
Third parties	**1,224,602**	-

As at 31 March 2018, all balances of trade receivables were past due but not impaired. These relate to a number of third party customers who did not have collectibility issue. The aging analysis of these trade receivable is as follows:

	2018	2017
Overdue:		
0 – 30 days	**784,853**	-
30 – 90 days	**439,582**	-
> 90 days	**167**	-
	1,224,602	-

6. INVENTORIES

	2018	2017
Raw materials	**5,465,075**	588,563
Work-in-progress	**3,164,456**	-
Finished goods	**883,057**	-
	9,512,588	588,563

As at 31 March 2018, there were no obsolete or impaired inventories.

PT THERMAX INTERNATIONAL INDONESIA

7. FIXED ASSETS

	2018				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81,257,182	-	-	-	81,257,182
Computers	278,035	295,397	-	-	573,432
Office equipment	204,839	69,522	-	-	274,361
Furnitures and fixtures	1,055,074	105,363	-	-	1,160,437
Tools and equipment	-	312,666	-	-	312,666
Building	50,231,040	774,064	-	-	51,005,104
Machinery -	-		-	16,113,019	16,113,019
Construction in progress	11,931,548	5,637,132	-	(16,113,019)	1,455,661
Total Cost	**144,957,718**	**7,194,144**	**-**	**-**	**152,151,862**
Accumulated depreciation					
Computers	(86,305)	(115,010)	-	-	(201,315)
Office equipment	(35,159)	(62,795)	-	-	(97,954)
Furnitures and fixtures	(173,889)	(287,782)	-	-	(461,671)
Tools and equipments	-	(58,946)	-	-	(58,946)
Building	(418,592)	(2,545,625)	-	-	(2,964,217)
Machinery	-	(959,453)	-	-	(959,453)
Total Depreciation	**(713,945)**	**(4,029,611)**	**-**	**-**	**(4,743,556)**
Net book value	**144,243,773**		**-**	**-**	**147,408,306**

	2017				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81,247,182	10,000	-	-	81,257,182
Computers	162,964	127,116	(12,045)	-	278,035
Office equipment	40,069	164,770	-	-	204,839
Furnitures and fixtures	589,982	465,092	-	-	1,055,074
Building	-	-	-	50,231,040	50,231,040
Construction in progress	2,156,710	60,005,878	-	(50,231,040)	11,931,548
Total Cost	84,196,907	60,772,856	(12,045)		144,957,718
Accumulated depreciation					
Computers	(29,748)	(59,941)	3,384	-	(86,305)
Office equipment	(3,053)	(32,106)	-	-	(35,159)
Furnitures and fixtures	(404)	(173,485)	-	-	(173,889)
Building	-	(418,592)	-	-	(418,592)
Total Depreciation	(33,205)	(684,124)	3,384	-	(713,945)
Net book value	84,163,702			-	144,243,773

The Company own a plot of land with "Hak Guna Bangunan" title ("Building Use Title" or "HGB") which has a remaining useful life up to 2046. Management believes that there will be no difficulty in extending the land right as the land was acquired legally and this is supported by sufficient evidence of ownership.

8. TRADE PAYABLES

	2018	2017
Third parties	**4,695,091**	5,822,568
Related party:		
Thermax Limited	**2,171,121**	525,072
	6,866,212	6,347,640

Refer to Note 18 for details of related party transactions.

9. UNEARNED REVENUE

	2018	2017
Third parties	**14,135,228**	-

10. ACCRUED EXPENSES AND OTHER PAYABLES

	2018	2017
Purchase of fixed assets	**1,586,942**	5,431,617
Salary and wages	**799,825**	-
Operational	**744,035**	254,070
Professional fees	**185,000**	252,200
Office renovation	**-**	380,884
Others	**178,602**	15,454
	3,494,404	6,334,225

11. TAXATION

a. Prepaid taxes

	2018	2017
Current portion:		
Value Added Tax (''VAT'')	**6,741,016**	5,496,436
Corporate Income Tax	**97,917**	-
	6,838,933	5,496,436
Non-current portion:		
Claim for VAT refund	**7,534,299**	7,534,299
	14,373,232	13,030,735

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisition. The balance of the claim for VAT refund amounting to Rp 7,534,299 represents request for VAT refund from land purchase which is based on Tax Decision Letter No. 00014/507/15/067/16 dated 24 August 2016 is not claimable. Management of the Company believes that it has technical merit to support that position, hence no provision of impairment is necessary.

The Company has submitted an objection letter to the Directorate General of Tax ("DGT") and this was rejected on 6 September 2017. As a response, the Company has submitted an appeal letter to the Tax Court and as at the date of these financial statements, the appeal process was still in progress and no decision had been issued yet by the Tax Court regarding the Company's appeal request.

b. Taxes payable

	2018	2017
Income tax Article 21	**95,307**	53,814
Income tax Article 4(2)	**49,011**	66,363
Income tax Article 23	**18,438**	6,091
Income tax Article 26	**15,046**	-
	177,802	126,268

c. Income tax expense

For the years ended 31 March 2018 and 2017, the Company did not recognise any current or deferred income tax expenses.

The reconciliation between income tax expense and the theoretical tax amount on the Company's loss before income tax is as follows:

	2018	2017
Loss before income tax	**(26,441,022)**	(15,574,628)
Income tax calculated at applicable tax rate	**6,610,256**	3,893,657
Tax effects:		
- Non-deductible expenses	**(1,335,211)**	(914,440)
- Unrecognised deferred tax assets	**(5,275,045)**	(2,979,217)
Income tax expense	**-**	-

The Company has an accumulated tax losses carried forward balance amounting to Rp 42,535,042 which will expire between 2020 and 2023.

The amount of fiscal loss is based on preliminary calculations. The amounts may be adjusted when annual tax returns are submitted to/assessed by the tax office.

d. Deferred tax assets

The Company has not recognised any deferred tax assets as the ability of the Company to generate sufficient taxable profit will depend on when the Company can maintain sustainable and optimal capacity of commercial production. As such, the Company believes it is more prudent not to recognise any deferred tax assets.

e. Tax administration in Indonesia

The taxation laws of Indonesia require that companies within Indonesia to submit individual tax returns on the basis of self-assessment. Under the prevailing regulations, the DGT may assess or amend taxes within five years of the time the tax becomes due.

11. SHARE CAPITAL

The shareholders compositions as at 31 March 2018 and 2017 were as follows:

	2018 and 2017		
Shareholders	**Number of shares**	**Amount (Rp)**	**Percentage of ownership**
Thermax Engineering Singapore Pte. Ltd.	209,990	209,990,000	99.99%
Thermax International Limited	10	10,000	0.01%
	210,000	210,000,000	100,00%

Based on Notarial Deed No 226 dated 28 September 2016, the Company has increased the authorised, issued and paid-up capital to 210,000 shares. The Notarial Deed has been approved by the BKPM through Changes on Principal Permit Letter number 3520/1/IP-PB/PMA/2016 dated 05 October 2016 and also by the MOLHR through Decision Letter No. AHU-AH.01.03-0092299 dated 25 October 2016.

The increase of 200,000 shares derives from cash capital injection from shareholders in the amount of Rp 103,780,000. The remaining shares derives from conversion of the loan from shareholders in the amount of Rp 96,220,000 (Note 13).

13. ADVANCES FOR SHARES SUBSCRIPTION

During 2015-2016, the Company received a loan amounting to US$7,075,000 (equivalent to Rp 95,399,150) from Thermax Engineering Singapore Pte. Ltd., the shareholder of the Company, as funding for land acquisitions located in Cilegon, Banten, Indonesia.

On 3 March 2016, based on Shareholders' Circular Resolution in Lieu of an Extraordinary General Meeting of Shareholders, the shareholders agreed to convert the loan from shareholder of Rp 96,220,000 into 96,220 shares.

On 22 April 2016, the Company received the approval from the MOLHR and BKPM. Therefore, the balance of "advances for shares subscription" has been converted into "share capital" in the statement of financial position.

14. GENERAL RESERVE

Limited Liability Company Law No.40/2007 requires Indonesian companies to set up a statutory reserve amounting to a minimum of 20% of the Company's issued and paid-up share capital. There is no set period of time over which this amount should be accumulated. As at 31 March 2018, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

15. REVENUE

	2018	2017
Sales of product	**3,378,780**	-
Sales of services	**106,370**	-
	3,485,150	-

16. COST OF GOODS SOLD RECONCILIATION

	2018	2017
Raw materials		
At the beginning of the year	**588,563**	-
Purchases	**10,392,889**	588,563
	10,981,452	588,563
At the end of the year	**(5,465,075)**	(588,563)
Raw materials used	**5,516,377**	-
Direct labour and manufacturing overhead	**1,428,828**	-
Allocated depreciation expense	**151,718**	-
Total production cost	**7,096,923**	-
Work in progress		
At the beginning of the year	**-**	-
At the end of the year	**(3,164,456)**	-
Total cost of goods manufactured	**3,932,467**	-
Finished goods		
At the beginning of the year	**-**	-
At the end of the year	**(883,057)**	-
Total cost of goods sold	**3,049,910**	-

Refer to Note 18 for details of related party transactions.

17. OTHER OPERATING EXPENSES

	2018	2017
Travelling and conveyance	**2,240,686**	2,440,961
Advertising and exhibitions	**1,647,652**	249,737
Labour charges	**953,308**	-
Repairs and maintenance	**745,321**	583,831
Legal and professional fees	**737,403**	696,443
Utilities costs	**688,004**	93,192
Security charges	**598,981**	204,398
Rent and service charges	**475,139**	537,974
Communication	**400,307**	351,606
Insurance	**167,432**	27,738
Training	**143,235**	-
Others	**473,603**	401,485
	9,271,071	5,587,365

18. RELATED PARTY TRANSACTIONS

The nature of relationships and transactions with related parties are as follows:

Related parties	Relationship	Nature of transactions
Thermax Limited	Holding company of Thermax Engineering Singapore Pte. Ltd.	Purchase of raw material
Thermax (Zhejiang) Cooling and Heating Engineering	Under common control entity	Expenses reimbursement

a. Balances with related parties

	2018	2017
Advance and prepayments – current portion:		
Thermax Limited	**288,876**	-
Other receivables:		
Thermax (Zhejiang) Cooling and Heating Engineering	**25,866**	-
Trade payables:		
Thermax Limited	**2,171,121**	525,072

b. Transactions with related parties

	2018	2017
Purchase of raw materials:		
Thermax Limited	**3,314,491**	-

The purchase of raw materials are based on cost plus certain margin agreed by both parties.

Expense reimbursement:		
Thermax (Zhejiang) Cooling and Heating Engineering	24,988	-
Thermax Limited	-	1,330,758
	24,988	**1,330,758**

The expenses being reimbursed are based on actual costs occurred.

c. Key management personnel compensation

Key management personnel includes Directors and Commissioner. In 2018, the compensation for key management recorded in the financial statements amounted to Rp 2,416,396 (2017: Rp 2,037,547) only for the President Director of the Company. The compensation for the Company's Commissioner and other Director were paid directly by Thermax Limited.

19. SIGNIFICANT CONTRACTS, COMMITMENTS AND CONTIGENCIES

a. Capital commitments

On 6 December 2017, the Company entered into a machinery purchase agreement with PT Thermindo Sukses Mandiri with total contract value of Rp 4,632,500, which was still outstanding as of 31 March 2018. The estimated completion date of the contract is on 15 May 2018.

b. Credit and bank facilities from Citibank N.A.

On 29 November 2017, the Company entered into a term-loan facility agreement with Citibank N.A. with total facility amounted to US$ 2.5 million and applicable interest rate of Jakarta Interbank Offered Rate plus certain margin. In addition, on 8 September 2017, Thermax Limited, an indirect holding entity of the Company, acting as a guarantor for the Company and guarantee any bank facilities issued for the Company with a total amount of US$5 million. As of 31 March 2018, the Company has utilised the bank facilities amounted to IDR 1,005,000 for performance guarantee bond for certain customer.

20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 31 March 2018, the Company's financial assets which comprised cash and cash equivalents, trade receivables and other receivables with a total balance of Rp 7,422,663 (2017: Rp 35,386,038) were categorised as loans and receivables.

As at 31 March 2018, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables with a total balance of Rp 9,560,792 (2017: Rp 12,681,865) were categorised as other financial liabilities at amortised cost.

21. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors. The Board of Directors provides principles for overall risk management, including market, credit and liquidity risks.

a. Market risk

i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from cash in banks, trade receivables and trade payables denominated in foreign currency.

As at 31 March 2018, if the United States Dollar had strengthened/ weakened by 10% against the Indonesian Rupiah with all other variables held constant, post-tax loss for the period would have been Rp 91,425 (2017: Rp 1,704,772) lower/higher.

ii) Interest rate risk

The Company is not significantly exposed to interest rate risk since there are no significant interest bearing financial assets and liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

b. Credit risk

As at 31 March 2018, the total maximum exposure from credit risk was Rp 7,412,376 (2017: Rp 35,382,757). The credit risk primarily arises from cash in banks, trade receivables and other receivables.

The Company manages credit risk exposure from its deposits with banks by placing them at banks with strong reputation and market position and limiting the aggregate risk from any individual counter-party.

In respect of credit given to customers, the Company has clear policies on selection of customers, legally binding agreements in place for sales of products and services transactions rendered and historically no collectibility issue.

The credit quality of trade and other receivables that are overdue but not impaired can be assessed with reference to historical information about counterparty collectibility issue as follows:

	2018	2017
Trade and other receivables:		
Related parties	**25,866**	-
Reputable or without recent history of collectibility issue	**1,224,602**	763
	1,250,468	763

c. Liquidity risk

Liquidity risk arises in situations in which the Company has difficulties obtaining the necessary resources to fulfil its financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Company's financial liabilities amounting to Rp 9,560,792 have contractual maturities within one year and are not interest bearing.

d. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure and shareholders returns, taking into consideration the future capital requirements and capital efficiency of the Company, prevailing and projected profitability, projected operating cash flow, projected capital expenditures, and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

e. Fair value of financial instruments

Management is of the opinion that the carrying value of its financial assets and liabilities approximate the fair value of the financial assets and liabilities as at 31 March 2018. The fair value of trade payables and accrued expenses and other payables approximate their carrying value because of their short term maturity.

22. NON CASH TRANSACTIONS

	2018	2017
Investing activities:		
Acquisition of fixed assets through trade payables	**2,621,272**	5,553,327
Acquisition of fixed assets through accrued expenses, including accrued interest	**1,586,942**	5,812,501
Financing activities:		
Share issuance through other receivables	**-**	96,220,000

23. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on 15 May 2018.

THERMAX SENEGAL SARL

Manager	*Registered Office*	*Auditors*
Umesh Barde Bhavesh Chheda	Dakar Domicillia, 29, Anenue Pasteur, Senegal	KPMG Senegal S. A. Avec Conseild Administration Immeuble Horizons 83, Boulevard de la Republique Dakar - Senegal

Management Report prepared by the Manager and presented to the Annual Ordinary General Meeting of March 30, 2018

Gentleman,

According to the law and the statutes, we have convened this Annual Ordinary General Meeting to report to you on the situation and activity of our Company during the year ended 31 December 2017 and to submit for your approval the annual financial statements for the year.

We will give you all the details and additional information about the parts and documents required by the regulations in force and which have been made available to you within the legal timeframe. You will then read the reports of the Auditor.

I. COMPANY'S ACTIVITIE'S DURING THE YEAR 2017

During the year ended 31/12/2017, the main events that have marked our activity are as follows:

The principal activities of the company are that of plant management services.

This year was a third year of Company operations & it earned a total income of FCFA 907 297 592 which is 33% lower than last year. The reduction in revenue is mainly due to end of plant maintenance service contract with customer.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the result of the Company for the current financial year.

II- MEASURE BEING IMPLEMENTED IN YEAR 2018

Even though the contract with customer is ended, for the fiscal year 2018, the company is continuing to explore further business opportunities for Operation and Maintenance services.

III- REVIEW OF THE STATEMENTS OF INCOME AND ALLOCATION PROPOSAL

The main aggregates for the year ended December 31, 2017 are as follows in thousands of FCFA:

Elements	**31/12/2017**
Turnover	907 297 592
Personnel Expenses	512 280 992
Operating charges	626 882 792
Operating income	280 415 081
Net profit	211 111 717

We propose to allocate the profit as follow:

- Net profit	211 111 717
- Dividends to be distributed:	172 000 000

Following this allocation, the company's equity will be as follows:

Share capital	110 000 000
Legal reserve	22 000 000
Retained earning	161 204 053
- Total	293 204 053

For Thermax Senegal SARL

The Manager

Umesh Barde

Bhavesh Chheda

Auditor's Report

THERMAX SENEGAL SARL

Dakar - Sénégal
Share capital : XOF 110 000 000

<u>Subject</u>: Independent Auditor's Report of Thermax Senegal SARL for local financial statements as of December 31st 2017

We have audited the financial Statements of Thermax Senegal SARL as of December 31st 2017.
The Financial Statements comprise a balance sheet, a profit and loss account and appendices to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements in accordance with the SYSCOA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This special purpose financial information has solely been prepared to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the materiality level that we have computed.

Opinion

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31th December 2017 and of the results of its operations for the year then ended in accordance with SYSCOA accounting principles, which is applicable in Senegal.

COMMENTS ON THE FINANCIAL STATEMENTS

A- BALANCE SHEET

The balance sheet as of December, 31st 2017 is detailed below (in XOF):

Description	Balance as of December 31st 2017	Ref	Balance as of December 31st 2016	Variation
Tangible Assets	-		38 061 361	-100%
Financial Assets	-		574 500	-100%
Receivables	25 533 713	a	339 300 000	-92%
Other receivables	165 866 533	b	130 074 553	28%
Cash and cash equivalents	433 593 941	c	333 251 312	30%
Total 1	**624 994 187**		**841 261 726**	**-26%**
Share capital	110 000 000	d	110 000 000	0%
Legal reserves	22 000 000	d	22 000 000	0%
retained earnings	122 092 336	d	86 420 230	41%
Net Income	**211 111 717**		**228 172 106**	**-7%**
Advances from customer	-		-	
Liabilities (account payables)	27 938 777	e	108 584 739	-74%
Fiscal liabilities	63 002 632	f	124 969 697	-50%
Social liabilities	35 242 425	g	116 917 954	-70%
Other liabilities	33 135 600	h	44 197 000	-25%
translation adjustment liabilities	470 700			
Total 2	**624 994 187**		**841 261 726**	**-26%**

a) Receivables

Receivables balance corresponds to sale of consumables and miscellaneous materials for an amount of XOF 25 533 713.

b) Other receivables

Other receivables include principally:

- VAT for XOF 69 867 623. It's the VAT on sales regarding exempted sales. VAT Refund was requested but there is no response from Tax Authorities since one year.
- A VAT credit for an amount of XOF 49 560 657.
- A VAT credit refund for an amount of XOF 42 915 749.

c) Cash and cash equivalents

Cash and cash equivalent correspond to:

- Bank balance which is debtor of XOF 432 896 613 confirmed by the bank.
- Petty cash of XOF 697 328.

d) Equities

Thermax's net income as of December 31st 2017 was positive for an amount of XOF 211 111 717.

This amount has not been allocated. The other elements of equity are constituted of:

- Share capital : XOF 110 000 000
- Legal Reserve: XOF 22 000 000
- Retained earnings: XOF 122 092 336

e) Account payables

The balance as of December 31st 2017 is XOF 27 938 777. It is manly explained by:

- Trade liabilities for XOF 6 448 864.
- Accrued expenses for XOF 21 489 913 related to expenses for which bills were not received, primarily consisting of Deloitte and KPMG invoices.

f) Fiscal liabilities

The balance of fiscal liabilities amounted XOF 63 002 632 include essentially:

- Income Tax: XOF 57 301 800
- Payroll deductions: XOF 4 643 745. Payroll are related to October and December 2017 and were paid on January 2018. We noted that almost all employees resigned in 2017.

g) Social liabilities

Social liabilities amounted XOF 35 242 425. They are composed by:

- A Provision for holiday for an amount of XOF 2 768 075. This amount concerns employee provision for holiday. This amount is paid in January and February 2018.
- Social contributions (Ipres, CSS) for December 2017 amounted XOF 1 891 226. Note that in January 2018, social contributions are paid.
- Salaries for XOF 30 175 383: It is related to unpaid allowances.

h) Other liabilities

Other liabilities amounted XOF 33 135 600 as of December 31st 2017. The balance is explained by the balance of Thermax India. This concerns salaries (July to September 2017) paid to Thermax Senegal staff by Thermax India and re billed to Thermax Senegal. The exploitation of confirmation letter received from Thermax Ltd did not reveal significant gap.

B - PROFIT AND LOSS ACCOUNT

The income statement as of December, 31st 2017 is detailed below (in XOF):

Description	Balance as of December 31st 2017	Balance as of December 31st 2016	Variation	Ref.
Others purchases	14 189 784	39 662 276	-64%	
Transports	384 500	538 500	-29%	
External services	86 147 542	146 890 581	-41%	i
Taxes	11 727 566	21 840 135	-46%	ii
Other expenses	59 507	1 640 713	-96%	
Salaries	512 280 992	822 766 540	-38%	iii
Amortization	2 092 901	2 081 499	1%	
Exchange loss	20 114 341	2 820 382	613%	iv
Book Value of FA sold	35 968 460	0		
Income tax	57 301 800	109 100 700	-47%	v
TOTAL (1)	**740 267 393**	**1 147 341 326**	**-35%**	
Turnover	907 297 592	1 357 200 000	-33%	vi
Other revenues	281	136	107%	
Gain exchange	18 547 524	18 313 296	1%	vii
FA selling price	25 533 713	0		
TOTAL (2)	**951 379 110**	**1 375 513 432**	**-31%**	
***Net income* (2)-(1)**	**211 111 717**	**228 172 106**	**-7%**	

i) External Services

External services as of December 31st 2017 amounts XOF 86 147 542. We noted a decrease 4% compared to last year balance. It's mainly composed of:

- Vehicle rental: XOF 12 582 729
- Bank charges: XOF 6 164 963
- Fees (honorary): XOF 39 721 289
- Mission expenses: XOF 22 461 100

ii) Taxes

The balance of this caption as of December 31st 2017 is XOF 11 727 566. It's mainly composed by:

- Tax on salaries (CFCE) : XOF 9 313 757
- Irrecoverable VAT : XOF 1 164 641
- Patente contribution : XOF 1 028 000

iii) Salaries

The balance of this caption as of December 31st 2017 is XOF 512 280 992; A 38% decrease compared to last year is noted. The main explanation is the end of the contract between Thermax and Dangote Senegal and consequently all the employees have left except one person. The balance as of December 31st 2017 is composed of:

- Payroll charges paid by Thermax India to Thermax Senegal's staff for XOF 307 690 416
- Employment expenses allowance: XOF 4 577 394
- Provision for holiday: XOF 3 128 078 related to the only person who has not left.
- Interim staff for an amount of XOF 168 916 811.

iv) Exchange loss

Exchange loss balance as of December 31st 2017 is XOF 20 114 341. It's mainly composed by negative exchange difference related to salaries paid to employees and debit note (in USD) billed by Thermax India to Thermax Senegal:

- foreign exchange loss on wages paid: XOF 17 584 308
- loss of exchange on debit notes paid: XOF 2 530 033

v) Income tax

The balance of this caption as of December 31st 2017 is XOF 57 301 800. We noted a 47% decrease compared to 2016. It's mainly composed by income tax related of the corporation tax calculated on the fiscal result for the 2017 financial year.

vi) Turnover

The turnover of Thermax Senegal SARL as of December 31st 2017 amounted XOF 907 297 592. The turnover consists to the maintenance of a power station. We noted that turnover has recorded a decrease of 33%. This decrease is due to the end of the service contract with its sole customer in Senegal in mid-August 2017.

vii) Gain exchange

The balance of this caption as of December 31st 2017 is XOF 18 547 524. It's mainly composed by positive exchange difference related to salaries paid to employees and debit note (in USD) billed by Thermax India to Thermax Senegal:

- foreign exchange gain on wages paid: XOF 15 487 955
- gain of exchange on debit notes paid: XOF 3 059 569

February 23rd 2018

KPMG Senegal

Marie BA
Partner

Balance Sheet as at December 31st, 2017

ASSETS	Year 2016/2017		Year 2015/2016	
	XOF	Rs. In Lacs	XOF	Rs. In Lacs
FIXED ASSETS				
Tangible assets				
Buildings - Gross	-	-	41,744,000	44.83
Less: Amortisation / Provision	-	-	(3,682,639)	(3.96)
Buildings - Net	-	-	38,061,361	40.87
Financial assets				
Other financial assets	-	-	574,500	0.62
TOTAL FIXED ASSETS (I)	**-**	**-**	**38,635,861**	**41.49**
CIRCULATING ASSETS				
Trade debtors and related accounts				
Supplier, advanced payments received	34,500	0.04		
Clients	25,533,713	27.81	339,300,000	364.37
Other receivables	165,832,033	180.62	130,074,553	139.69
TOTAL CIRCULATING ASSETS (II)	**191,400,246**	**208.47**	**469,374,553**	**504.06**
CASH - CASH EQUIVALENT-ASSETS				
Banks, postal accounts, cash	433,593,941	472.27	333,251,312	357.88
TOTAL CASH AND CASH EQUIVALENTS ASSETS (III)	**433,593,941**	**472.27**	**333,251,312**	**357.88**
Translation adjustment-Assets (IV)				
(foreign exchange difference)				
TOTAL (I + II + III + IV)	**624,994,187**	**680.74**	**841,261,726**	**903.43**
LIABILITIES (before apportionment)	XOF	Rs. In Lacs	XOF	Rs. In Lacs
SHAREHOLDERS' EQUITY AND RELATED EQUITIES				
Capital	110,000,000	119.81	110,000,000	118.13
Premiums and reserves:				
Unavailable reserves	22,000,000	23.96	22,000,000	23.63
Retained earnings	122,092,336	132.99	86,420,230	92.81
Net income or loss for the financial year	211,111,717	229.94	228,172,106	245.03
TOTAL EQUITY (I)	**465,204,053**	**506.70**	**446,592,336**	**479.60**
FINANCIAL AND RELATED DEBTS	-	-	-	-
TOTAL FINANCIAL DEBTS (II)	-	-	-	-
TOTAL EQUITY AND DEBTS (I + II)	**465,204,053**	**506.70**	**446,592,336**	**479.60**
CIRCULATING LIABILITIES				
Suppliers	27,938,777	30.43	108,584,739	116.61
Tax liabilities	63,002,632	68.62	124,969,697	134.20
Social liabilities	35,242,425	38.39	116,917,954	125.56
Other liabilities (Intercompany and others)	33,135,600	36.09	44,197,000	47.46
TOTAL CIRCULATING LIABILITIES (III)	**159,319,434**	**173.53**	**394,669,390**	**423.83**
CASH AND CASH EQUIVALENTS-LIABILITIES				
TOTAL CASH AND CASH EQUIVALENTS-LIABILITIES (IV)				
Translation adjustment Liabilities (V)	470,700	0.51		
TOTAL (I + II + III + IV + V)	**624,994,187**	**680.74**	**841,261,726**	**903.43**

THERMAX SENEGAL SARL

Profit and Loss Statement for the year ended December 31st, 2017

	Year 2016/2017			Year 2015/2016		
INCOME STATEMENT-CHARGES	XOF	XOF	Rs. In Lacs	XOF	XOF	Rs. In Lacs
OPERATING ACTIVITIES						
Other purchases		14,189,784	15.46		39,662,276	42.59
Transportation		384,500	0.42		538,500	0.58
External services		86,147,542	93.83		146,890,581	157.75
Taxes		11,727,566	12.77		21,840,135	23.45
Other charges		59,507	0.06		1,640,713	1.76
Staff costs		512,280,992	557.98		822,766,540	883.57
(Out door staff included in above XOF						
Current Year 168,916,811, Last Year - 241,885,516)						
Appropriations to depreciation and provisions		2,092,901	2.28		2,081,499	2.24
Total operating charges		**626,882,792**	**682.80**		**1,035,420,244**	**1,111.94**
Exchange losses		20,114,341	21.91		2,820,382	3.03
Total financial charges		**20,114,341**	**21.91**		**2,820,382**	**3.03**
Total regular activity charges		**646,997,133**	**704.71**		**1,038,240,626**	**1,114.97**
Irregular Activities (I.A.)						
Book value of fixed asset sold		35,968,460	39.18		-	-
Total I.A. Charges		**35,968,460**	**39.18**		**-**	**-**
Income tax		57,301,800	62.41		109,100,700	117.16
Total profit share and tax		**57,301,800**	**62.41**		**109,100,700**	**117.16**
OVERALL TOTAL FOR CHARGES		**740,267,393**	**806.30**		**1,147,341,326**	**1,232.13**
INCOME STATEMENT REVENUE						
OPERATING ACTIVITIES						
Sales of work or services		907,297,592	988.23		1,357,200,000	1,457.50
GROSS MARGIN ON MATERIALS	**907,297,592**			**1,357,200,000**		
Other revenue		281	0.00		136	0.00
VALUE ADDED	**794,788,974**		**-**	**1,146,627,931**		**-**
GROSS OPERATING SURPLUS	**282,507,982**		**-**	**323,861,391**		**-**
Total operating revenue		**907,297,873**	**988.23**		**1,357,200,136**	**1,457.50**
OPERATING INCOME OR LOSS	280,415,081			321,779,892		
Income (+) ; Loss (-)						
FINANCIAL ACTIVITIES						
Exchange gains		18,547,524	20.20		18,313,296	19.66
Provisions written back						
Total financial revenue		**18,547,524**	**20.20**		**18,313,296**	**19.66**
FINANCIAL INCOME OR LOSS (+ or -)	(1,566,817)		-	15,492,914		-
Total regular activity revenue		**925,845,397**	**1,008.43**		**1,375,513,432**	**1,477.16**
Net income or loss from regular activities	278,848,264		-	337,272,806		
IRREGULAR ACTIVITIES (I.A.)						
Fixed assets selling price		25,533,713	27.81			
I.A. revenue						
I.A. written off			-			
I.A. charges transferred						
Total I.A. revenue		**25,533,713**	**27.81**			
I.A. NET INCOME OR LOSS (+ or -)	**(10,434,747)**					
OVERALL TOTAL FOR REVENUE NET INCOME OR LOSS FOR THE FINANCIAL YEAR		951,379,110	1,036.24		1,375,513,432	1,477.16
Income (+) : Loss (-)		**211,111,717**	**229.94**		**228,172,106**	**245.03**

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (SSAF)

Part 1= CALCULATION OF FINANCIAL BALANCES FOR THE FINANCIAL YEAR 2017

OVERALL INTERNAL FINANCING CAPACITY (OIFC)

OIFC = Gross operating surplus (GOS) - other charges + other revenue,
excluding income or loss from dis
- Cash expenses remaining
+ Products cashable remaining excluding asset disposals

		GOS	282 507 982
(SA) Financial charges		(TT) Operating charges transferred	
(SC) Exchanges losses	20 114 341	(UA) Financial revenue	
(SL) I.A. charges		(UE) Financial charges transferred	
(SQ) Employee profit share		(UC) Exchange gains	18 547 524
(SR) Income taxes	57 301 800	(UL) I.A. revenue	25 533 713
		(UN) I.A. charges transferred	
Total (I)	**77 416 141**	**Total (II)**	**326 589 219**

OIFC : Total (II) - Total (I) =	249 173 078	230 253 605
INTERNAL FINANCING	192 500 000	165 000 000
Internal financing		
Internal financing = OIFC - Distribution of dividends during financial year (1)		
AF =	56 673 078	65 253 605

CHANGE IN OPERATING WORKING CAPITAL

Change in operating working capital= change in inventories + charges in receivables + changes in circulating liabilities (2)

Change in inventories : 2017-2016	Application Increase (+)		Source Decrease (-)
(A) Net change in inventories	Nil	or	
Changes In Receivable 2017/2016			
Suppliers, advanced payments made	34 500	or	
Clients		or	313 766 287
Other receivable	35 757 480	or	
(B) Overall net change in receivable		or	277 974 307

Changes in circulating liabilities : 2017/2016	Application Increase (+)		Source Decrease (-)
Clients, advanced payments received		or	
Suppliers	80 645 962	or	
Tax liabilities	61 967 065	or	
Social liabilities	81 675 529	or	
Other liabilities	11 061 400	or	
Liabilities translation differences		or	470 700
(C) Net change in circulating liabilities	234 879 256		
CHANGE IN OPERATING WORKING CAPITAL=(A) + (B)+ (C)		or	43 095 051

CASH FLOW FROM OPERATING ACTIVITIES

CASH FLOW FROM OPERATING ACTIVITIES = GROSS OPERATING SURPLUS - CHANGE IN OPERATING WORKING CAPITAL - OWNWORK

	2017	2016
Gross operating surplus	282 507 982	323 861 391
Change in operating working capital	43 095 051	-254 406 207
Own work capitalised		
CASH FLOW FROM OPERATING ACTIVITIES	**325 603 033**	**69 455 184**

THERMAX SENEGAL SARL

PART 2 : TABLE

	2017		2016
	Applications	Sources	(E -,R+)
I.INVESTMES AND DEINVESTMENTS			
Deferred costs (increase during)			
Internal growth			
Acquisitions/Sales of tangible fixed assets)			
External growth			
Acquisitions/Sales of financial assets)		574 500	
TOTAL INVESTMENT		**574 500**	
II. CHANGE IN OPERATING WORKING CAPITAL	Or	43 095 051	**- 254 406 207**
A - ECONOMIC APPLICATIONS TO FINANCE (I+ II)		43 669 551	- 254 406 207
B - TOTAL APPLICATIONS TO FINANCE		43 669 551	- 254 406 207
III. APPLICATIONS/SOURCES (CHANGES IN I.A. WORKING CAPITAL)			
IV. MANDATORY FINANCIAL APPLICATIONS (1)			
V. INTERNAL FINANCING			
Dividends (applications) / OIFC (sources)	192 500 000	249 173 078	65 253 605
VI. FINANCING THROUGH EQUITY			
VII. FINANCING THROUGH NEW LOANS			
C - NET FINANCING		56 673 078	65 253 605
D - FINANCING SURPLUS OR DEFICIENCY (C - B)	or	100 342 629	-189 152 602
VIII. CHANGE IN NET CASH AND CASH EQUIVALENTS			
at year end + or - 433 593 941			333 251 312
at the beginning of the year + or - 333 251 312			522 403 914
CHANGE IN NET CASH AND CASH EQUIVALENTS :			
(+ if application ; - if source) 100 342 629	100 342 629 or		189 152 602

CONTROL (from gross balances of balance sheet N et N-1)	Applications		Sources
Change of working capital		ou	57 247 578
Change in operating working capital	-470 700	ou	42 624 351
Change in net cash and cash equivalents (T)	100 342 629	ou	
TOTAL	99 871 929	=	99 871 929

SCHEDULE STATUS OF NORMAL SYSTEM

I - INFORMATION REQUIRED:

A - ACCOUNTING POLICIES:

I - A1 GENERAL METHODS OF ASSESSMENT APPLIED BY THE COMPANY

The financial statements reflect the activities of THERMAX SENEGAL of providing plant maintenance services for a period of 12 months. They were prepared in assumption of continuity of operations according to generally accepted accounting principles and standards SYSCOHADA

Fixed assets are recorded at their purchase cost completed by expenses necessary for their putting into service. The amortization are calculated on the normal duration of use of each fixed assets following the linear mode according their life expectancy. Amortization duration applied for the calculation of depreciation of fixed assets are: 20 years for Buildings allocated to staff.

I – A2 SPECIFIC ASSESSMENT METHODS APPLIED BY THE COMPANY: Not applicable
I - A3 DEPARTURE FROM OHADA PRINCIPLES USED BY THE COMPANY: Not Applicable

I- A4 - PRESENTATION METHODS APPLIED BY THE COMPANY, WITH SPECIFIC MENTION OF THE CHANGES MADE FROM ONE YEAR TO THE OTHER. :- Not Applicable

I - A5 DEPARTURE FROM THE RULES OF PRESENTATION USED BY THE COMPANY: Not applicable

B - ADDITIONAL INFORMATION ON BALANCE SHEET AND INCOME STATEMENT:

I - B1 EXCEPTIONAL CIRCUMSTANCES LIKELY TO LEAD TO THE DISTORTION OF COMPARISON OF FINANCIAL STATEMENT OF CURRENT AND FUTUTRE ACCOUNTING PERIODS: Not applicable

I - B2 INFORMATION ON REVALUTATION MADE BY THE COMPANY: Not Applicable

I - B3 DEBTS GUARANTEED BY COLLATRAL : Not applicable

I – B4 FINANCIAL COMMITMENTS : Not applicable

I - B5 COMPONENTS OF GOODWILL : Not applicable

I - B6 COMMENTS ON POSSIBLE EXCEPTIONS IN RESEARCH AND DEVELOPMENT AS PER REGULATIONS: Not applicable

I – B7 CLAIMS GUARANTEED BY THE RESERVATION OF OWNERSHIP: Not applicable

I - B8 EVALUATION DIFFERENCES IN CIRCULATING ASSETS: Not applicable

I - B9 DETAILS ON THE NATURE, THE AMOUNT AND ACCOUNTING:

I - B9 - A Preparation costs: Not applicable

I - B9 - A Accrued over several years: Not applicable

I - B10 INFORMATION ON THE METHOD OF CALCULATION OF PARTIAL PROFIT ON OPERATIONS MULTI-YEAR (OR OVERLAPPING TWO YEARS AT LEAST): Not Applicable

I - B11 INFORMATION ON THE RESULTS OF OPERATIONS PERFORMED IN COMMON: THE LOSSES,

PROFIT TRANSFERRED, GAINS REGISTERED LOSS TRANSFERRED: Not Applicable

I - B12 ELEMENTS OF INFORMATION NECESSARY FOR THE NATIONAL STATISTICAL:

I - B12 - 1 Product details: Not applicable

I - B12 - 2 Excluding retail products from ordinary activities:
Products of disposal of camp kitchen materials, consumables, tools and articles – XOF 25 533 713

I - B12 - 3 Nature of the charges transferred by the relevant expense line items: Not applicable

I - B12 - 4 DETAIL CHARGES:

	Amount (XOF)
Contributions	29 650
Actual social contributions	21 814 202
Imputed social contribution	54 221 388
Wages and salaries	315 395 888

I - B12 - 5 CONTENTS OF IRREGULAR ACTIVITIES: Not applicable

C - SPECIFIC INFORMATION:

I - C1 Purchased second-hand goods: Not applicable

I - C2 Acquisitions and disposals of works of art: Not applicable

I - C3 Dates of initial claims more than 2 years: Not Applicable

I - C4 Dates of initial claims over 2 years: Not applicable

I - C5 Original maturity dates of debt more than 2 years: Not applicable

I - C6 Original maturities of debt over 2 years: Not applicable

I – C7Amount of VAT: Billed 69 867 623, Recoverable 67 266 013, Non deductible Amounts 1 164 641

D - FOR COMPANIES:

I - D1 Composition of capital :	Par value of ~~shares~~ or units :					5 000
Surname and name	Nationality	Shares and other stock	O orADP	Number	Total Amount	Transfer orrefunds during the year
THERMAX INTERNATIONAL LTD	Society of Mauritius La	Parts soc.	O	22 000	110 000 000	
	TOTAL			22 000	110 000 000	

O : ordinary - ADP : without vote rights

I – D2 List of Subsidiaries and affiliates: Not Applicable
I - D3 Advances and loans to shareholders and company executives: Not applicable

II - INFORMATION OF SIGNIFICANCE IMPORTANCE:

A - OTHER INFORMATION:

II - A1 - A Grants on investments: Not applicable

II - A1 – B Regulated Provisions: Not applicable

II - A2 - Translation Adjustments: Not Applicable

II – A3 – Rating based on market prices the last month of inventory purchased: Not applicable

II - A4 - A Outstanding receivables for the year: Not applicable

II - A4 - B Amounts due for the year: Not applicable

II - A5 Components of foreign exchange gains and losses: Not applicable

II - A6 Analysis of deferred tax: Not applicable

B - FOR COMPANIES:

II - B1 Partners' Current Accounts: Not applicable

II - B2 – A. Receivables related to investments: Not applicable

II - B2 – B. Liabilities related to investments: Not applicable

II - B3 Details of available and non-available reserves: Legal Reserves: XOF 22 000 000

II - B4 Total remuneration of the member's administration and monitoring: Not applicable

TABLE 1: FIXED ASSETS

BALANCES AND MOVEMENTS / ITEMS	A	INCREASES B			DECREASES C		D = A + B - C
	GROSS AMOUNT AT BEGINNING OF THE YEAR	Acquisitions Contributions Creations	Transfers	Revaluation conducted during the year	Disposal Split off Scrap	Transfers	GROSS AMOUNT AT END OF THE YEAR
TANGIBLE ASSETS		41 744 000			41 744 000		
Buildings		41 744 000			41 744 000		
FINANCIAL ASSETS		574 500			574 500		
Other financial assets		574 500			574 500		
OVERALL TOTAL		42 318 500			42 318 500		

TABLE 2 : DEPRECIATION

BALANCES AND MOVEMENTS / ITEMS	A	B	C	D = A + B - C
	Accumulated depreciation at beginning of the year	INCREASES : Depreciation for the year	DECREASES : Depreciation relating to spare parts	Accumulated depreciation at end of the year
TANGIBLE ASSETS				
Buildings	3 682 639	2 092 901	5 775 540	
Total depreciation for the year	3 682 639	2 092 901	5 775 540	

TABLE 3: GAINS AND LOSSES OF ASSIGNMENT:

	GROSS AMOUNT A	AMORTISATION B	NET BOOK VALUE C	TRANSFER PRICES D	OVER-VALUATION OR UNDER-VALUATION E
INTANGIBLE ASSETS					
TANGIBLE ASSETS	41 744 000	5 775 540	35 968 460		- 35 968 460
Building	41 744 000	5 775 540	35 968 460		- 35 968 460
FINANCIAL ASSETS					
TOTAL	**41 744 000**	5 775 540	35 968 460		- 35 968 460

TABLE 4: PROVISIONS: Not applicable

TABLE 5: CAPITAL LEASED ASSETS AND SIMILAR CONTRACTS: Not applicable

TABLE 6 : RECEIVABLES AND MATURITY DATES

RECEIVABLES	GROSS AMOUNT	ANALYSIS BY MATURITY DATE				OTHER ANALYSIS		
		Less or equal to 1 year				Amount in foreign currency	Receivables from related parties	Net amount
			Maturity date	Between 1 and 2 years	More than 2 years			
LONG TERM RECEIVABLES (I)								
Other financial assets								
TRADE AND OTHER RECEIVABLES (II)	**191 400 246**	**191 400 246**	**191 400 246**					
Suppliers	34 500	34 500	34 500					
Clients , advanced payments received	25 533 713	25 533 713	25 533 713					
State	165 672 033	165 672 033	165 672 033					
Prepayments	160 000	160 000	160 000					
TOTAL (I) + (II)	**191 400 246**	**191 400 246**	**191 400 246**					

TABLE 7 : DEBTS AND MATURITY DATES

DEBTS	GROSS AMOUNT	ANALYSIS BY MATURITY DATE			
		Less or equal to 1 year			
			Maturity date	Between 1 and 2 years	More than 2years
TRADE AND OTHER PAYABLES					
Suppliers	27 938 777	27 938 777	27 938 777		
Employee	32 943 458	32 943 458	32 943 458		
Social Securities and social organisations	22 98 967	22 98 967	22 98 967		
State	63 002 632	63 002 632	63 002 632		
Other payables	33 606 300	33 606 300	33 606 300		
TOTAL	**159 790 134**	**159 790 134**	**159 790 134**		

TABLE 8 : INDIRECT EXPENSES (Specific accounts)

	Account number	Amount in Thousand of XOF
Water	6051	-
Electricity	6052	-
Other resources	6053	4 737
Maintenance	6054	294
Stationery	6055	296
Sundry expenses	6056	8 862
Transport	613	
Staff Transport	614	
Maintenance and repairs of fixed assets	6241	33
Maintenance and repairs of Furniture	6242	
Advertising and marketing	627	
Telecommunication expenses	628	1 823
Fees	632	40 258

THERMAX SENEGAL SARL

TABLE 9 : DISTRIBUTION OF INCOME AND OTHER KEY FEARTURES OF THE LAST 5 YEARS

NATURE	2017	2016	2014/2015
CAPITAL STRUCTURE AT YEAR END (3)			
Capital stock	110 000 000	110 000 000	110 000 000
Ordinary Shares			
PROFIT FOR THE YEAR (3)			
Revenue before tax	907 297 592	1 357 200 000	1 510 906 559
Profit before depreciation and provisions	280 941 165	339 354 305	451 247 970
Employee Profit Share			
Income Tax	57 301 800	109 100 700	176 226 600
Net profit	211 111 717	228 172 106	273 420 230
STAFF AND REMUNERATION POLICIES			
Average number of employees during the year	38	52	40
Average number of employees working abroad during the year			
Payroll distribution during the year	315 395 888	542 885 702	598 003 091
Benefits paid during the year {Social security, social work}	27 968 293	37 995 322	33 253 187
Expenses of employees working abroad	168 916 811	241 885 516	227 555 032

TABLE 10: PROJECTED ALLOCATION OF THE INCOME FOR THE PERIOD

APPROPRIATIONS	AMOUNT	ORIGINS		AMOUNT (1)
. Legal reserve	22 000 000	. Profit or loss brought forward (pertes)		
. Statutory and contractual reserve		. Profit brought forward (beneficiaries)		122 092 336
. Other reserve (available)		. Net profit for the year		211 111 717
. Dividends	172 000 000	. Transfers		
. Other appropriation				
. retained profit / earnings	139 204 053			
TOTAL (A)	**333 204 053**	**Control : Total A = Total B**	**TOTAL (B)**	**333 204 053**

TABLE 11 : EMPLOYEES, PAYROLL AND TEMPORARY STAFF

EMPLOYEES AND PAYROLL	EMPLOYEES							PAYROLL						
	LOCAL		OTHER STATES OF THE REGION		OUT OF REGION		TOTAL	LOCAL		OTHER STATES OF THE REGION		OUT OF REGION		TOTAL
	M	F	M	F	M	F		M	F	M	F	M	F	
QUALIFICATIONS														
a. Permanent staff														
1. TECHNICIANS AND SENIOR MANAGERS					38		38					385 311 192		385 311 192
PERMANENTS					38		38					385 311 192		385 311 192

2. Temporary staff

								CHARGE TO THE COMPANY
EMPLOYEES, HELPERS, WORKERS AND TRAINEES								168 916 811
TOTAL (2)								168 916 811
PERMANENTS								168 916 811
TOTAL (1 + 2)					38		38	554 228 003

TABLE 12: PRODUCTION FOR THE YEAR: Not applicable

TABLE 13: PRODUCTION PURCHASES: Not applicable

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

Board of Directors

Hemant Mohgaonkar
Amitabha Mukhopadhyay
Ramil E Bugayong
Maria Carmela B. Salazar
Brijesh Dev
Viktor Ivan Nicolo T. Marales

Registered Office

10/F, 8 Rockwell,
Hidalgo corner Plaza Drive, Rockwell Center,
Makati City 1200, Philippines

Administrative Office

Unit 4033, 40th floor, PBCOM Tower,
6795 Ayala Ave. Corner Rufino,
Makati City 1226, Metro Manila, Philippines

Auditors

SpCip Gorres Vebyo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Bankers

Citi Bank,NA.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Thermax Energy & Environment Philippines Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thermax Energy & Environment Philippines Corporation (the Company), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of Thermax Energy & Environment Philippines Corporation as of March 31, 2017 and for the period August 19, 2016 to March 31, 2017, which are presented for comparative purposes, were audited by another auditor whose report dated August 31, 2017 expressed an unmodified opinion.

Responsibilities of Management and Those agreed with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15 2010 in Note 16 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Thermax Energy & Environment Philippines Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-3 (Group A),
March 16, 2017, valid until March 15, 2020
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 6621321, January 9, 2018, Makati City

May 11, 2018

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

Statement of Financial Position

As On March 31, 2018

(With Comparative Figure for 2017)

	Notes	31-Mar 2018		31-Mar 2017	
		PHP	**Rs Lacs**	PHP	Rs Lacs
ASSETS					
Current Assets					
Cash in bank	4	**16,62,111**	**20.78**	61,34,449	79.29
Trade and other receivables	5 & 9	**22,90,876**	**28.64**	97,500	1.26
Security deposits	7	**5,55,470**	**6.94**	4,96,842	6.42
Prepayments and other current assets	6	**14,10,934**	**17.64**	5,16,357	6.67
Total Currents Assets		**59,19,391**	**74.01**	72,45,148	93.65
Non-current Assets					
Deferred tax asset	15	**-**	**-**	11,74,376	15.18
		59,19,391	**74.01**	84,19,524	108.82
LIABILITIES AND EQUITY					
Current Liabilities					
Acrruals and other payables	8	**22,35,944**	**27.96**	10,50,466	13.58
Due to related party	9	**-**	**-**	7,42,725	9.60
Total Liabilities		**22,35,944**	**27.96**	17,93,191	23.18
Equity					
Capital stock	10	**2,25,00,000**	**281.31**	94,00,000	121.50
Deficit		**(1,88,16,553)**	**(235.26)**	(27,73,667)	(35.85)
Total Equity		**36,83,447**	**46.05**	66,26,333	85.65
		59,19,391	**46.05**	84,19,524	108.82

See accompanying Notes to Financial Statements.

Statement of Comprehensive Income

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Figure for the period August 19,2016 to March 31, 2017)

	Notes	31-Mar 2018		31-Mar 2017	
		One Year		Seven and Half a Months	
		PHP	**Rs Lacs**	PHP	Rs Lacs
Revenues	11	**50,26,826**	**62.85**	-	-
Cost And Expenses	12	**1,99,16,735**	**249.02**	39,57,051	51.15
Loss From Operations		**(1,48,89,909)**	**(186.17)**	(39,57,051)	(51.15)
Other Income	13	**21,399**	**0.27**	9,008	0.12
Loss Before Income Tax		**(1,48,68,510)**	**(185.90)**	(39,48,043)	(51.03)
Provision For (Benefit From) Income Tax	15	**11,74,376**	**14.68**	(11,74,376)	(15.18)
Net Loss		**(1,60,42,886)**	**(200.58)**	(27,73,667)	(35.85)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Loss		**(1,60,42,886)**	**(200.58)**	(27,73,667)	(35.85)

The Company was incorporated on August 19, 2016.

See accompanying Notes to Financial Statements.

Statement of Equity

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Figure for the period August 19,2016 to March 31, 2017)

	(Note 10) Capital Stock		Deficit		Total	
	PHP	**Rs Lacs**	**PHP**	**Rs Lacs**	**PHP**	**Rs Lacs**
For the year Ended March 31, 2018						
Balances at beginings of year	94,00,000	117.53	(27,73,667)	(34.68)	66,26,333	82.85
Payment of subscribed share capital	1,31,00,000	163.79	-	-	1,31,00,000	163.79
Total Comprehensive Loss						
Net Loss	-	-	(1,60,42,886)	(200.58)	(1,60,42,886)	(200.58)
Balance at end of year	2,25,00,000	281.31	(1,88,16,553)	(235.26)	36,83,447	46.05
For the period August 19,2016 to March 31,2017						
Issuance of share capital	94,00,000	121.50	-	-	94,00,000	121.50
Total Comprehensive Loss					-	-
Net Loss	-	-	(27,73,667)	(35.85)	(27,73,667)	(35.85)
Balance's at end of year	94,00,000	121.50	(27,73,667)	(35.85)	66,26,333	85.65

The Company was incorporated on August 19, 2016.

See accompanying Notes to Financial Statements

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Figure for the period August 19,2016 to March 31, 2017)*

	Note	31-Mar 2018 One Year		31-Mar 2017 Seven and Half a Months	
		PHP	**Rs Lacs**	PHP	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		**(1,48,68,510)**	**(185.90)**	(39,48,043)	(51.03)
Adjustment for interest income	4	**(1,625)**	**(0.02)**	(9,008)	(0.12)
Operating loss before working capital changes		**(1,48,70,135)**	**(185.92)**	(39,57,051)	(51.15)
Increase in:					
Trade and other receivables		**(21,93,376)**	**(27.42)**	(97,500)	(1.26)
Prepayments and other current assets		**(8,94,577)**	**(11.18)**	(5,16,357)	(6.67)
Security Deposit		**(58,628)**	**(0.73)**	(4,96,842)	(6.42)
Increase (Decrease) in:					
Accruals and other payables		**11,85,478**	**14.82**	10,50,466	13.58
Due to affiliate		**(7,42,725)**	**(9.29)**	7,42,725	9.60
Net cash used for operations		**(1,75,73,963)**	**(219.73)**	(32,74,559)	(42.32)
Interest received	4	**1,625**	**0.02**	9,008	0.12
Net cash used in operating activites		**(1,75,72,338)**	**(219.70)**	(32,65,551)	(42.21)
CASH FLOWS FROM FINANCING ACTIVITY					
Proceeds from issuance of share capital	10	**1,31,00,000**	**163.79**	94,00,000	121.50
NET INCREASE (DECREASE) IN CASH		**(44,72,338)**	**(55.92)**	61,34,449	79.29
CASH AT BEGINNING OF YEAR		**61,34,449**	**76.70**	-	-
CASH AT END OF YEAR	4	**16,62,111**	**20.78**	61,34,449	79.29

*The Company was incorporated on August 19, 2016

See accompanying Notes to Financial Statements

Exchange Rate: as at 31 March 18 is 1 PHP = Rs. 1.2502
Exchange Rate: as at 31 March 17 is 1 PHP = Rs. 1.2925

NOTES TO FINANCIAL STATEMENTS
(With Comparative Figures for 2016)

1. Corporate Information

Thermax Energy & Environment Philippines Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 19, 2016 with a corporate life of fifty (50) years from and after the date of issuance of the certificate of incorporation in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg. 68) and the Foreign Investments Act of 1991 (Republic Ac No. 7042, as amended). The Company is primarily involved into sales activities, negotiate and finalize orders from customers, support customers in installation, commissioning of equipment, install and commission orders from its direct clients, sell spare parts and stock spares for stocking, and provide after-sales service for products manufactured by Thermax Group of companies; to carry on business as manufacturers, importers, exporters and suppliers of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems & power plants; to undertake the manufacture, blending, sales, dosage, service and procurement of chemicals like Ion exchange resin, water treatment, fireside, oil field, paper and construction chemicals, specialty polymers and industrial biotech products; to engage in equipment erection and commissioning, operation and maintenance, sales, supervision, service and procurement of industrial equipment such as boilers, heaters, water and waste water treatment plants, solar based systems and power plants; to undertake turnkey solutions integrating any of the above equipment manufactured by the Thermax Group Company and supply utilities like steam, heat, chilled water, power, recycled and treated water on rental basis.

The Company is a wholly-owned subsidiary of Thermax Engineering Singapore Pte. Ltd. (the Parent Company). The Company's Ultimate Parent Company is RDA Holdings Pvt. Ltd. which was incorporated under the laws of India.

The Company's registered office is Unit 4033, 40th Floor PBCOM Tower, 6795 Ayala Ave., corner Rufino, Makati City.

The Company has four (4) and five (5) employees as at March 31, 2018 and 2017, respectively.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 11, 2018.

2. Summary of Significant Accounting Policies

Basis of preparation
The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (P=), the Company's functional currency. All amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

2015 Amendments to the PFRS for SMEs
In August 2016, the Securities and Exchange Commission resolved to adopt the 2015 Amendments to the PFRS for SMEs as part of its rules and regulations on financial reporting.

Most of the amendments clarify existing requirements and add supporting guidance to the existing standard rather than change the underlying requirements. Among the most significant amendments to the standard are:

- Permitting SMEs to use the revaluation model to measure items of property, plant and equipment
- Aligning the recognition and measurement requirements for deferred income tax with full PFRSs
- Allowing SMEs to use the equity method to account for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements

The amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of the amendments did not have a significant effect to the Company's financial statements.

Financial Instruments

Classification

The following are basic financial instruments:

- Cash
- A debt instrument that satisfies specific criteria
- A commitment to receive a loan that
  - o Cannot be settled net in cash, and
  - o When the commitment is executed, is expected to meet the conditions of a debt instrument above
- An investment in non-convertible preference shares and non-puttable ordinary shares or preference shares.

Other financial instruments would include instruments that are not within the scope of basic financial instruments.

The Company's basic and other financial assets and liabilities include "Cash in bank", "Trade and other receivables", "Security deposits", "Accruals and other payables" (except for statutory liabilities) and "Due to related party".

Recognition

Basic and other financial assets and liabilities are recognized when the entity becomes a party to the contracts.

Initial Measurement of Financial Instruments

Basic financial instruments are measured at their transaction price including transactions costs.

If the contract constitutes a financing arrangement it is measured at the present value of future payments discounted at a market rate of interest for a similar instrument (this is not applicable to assets and liabilities classified as current, unless they incorporate a finance arrangement).

If interest is not at a market rate, the fair value would be future payments discounted at a market rate of interest. Other financial instruments are initially measured at fair value, which is usually their transaction price. This will exclude transaction costs.

Subsequent Measurement

Debt instruments are measured at amortized cost using the effective interest rate. Commitments to receive a loan are measured at cost less impairment.

All other financial instruments are measured at fair value at reporting date. The only exception are equity instruments (and related contracts that would result in delivery of such instruments) that are not publicly traded and whose fair value cannot be reliably determined are measured at cost less impairment.

Impairment of Financial Instruments

At each reporting date, an assessment is made by the Company as to whether there is objective evidence of a possible impairment. The impairment loss of financial instruments at amortized cost is the difference between carrying value and the revised cash flows discounted at the original effective interest rate.

The impairment of financial instruments at cost less impairment is the difference between the carrying value and best estimate of the amount that would be received if the asset were sold at the reporting date.

Fair Value

The standard makes use of a fair value hierarchy. This is quoted prices in an active market, prices in recent transactions for the identical assets (adjusted if necessary), and use of a valuation technique (that reflects how the market would expect to price the asset and the inputs reasonably represent market expectations). Fair value, where there is no active market, is only considered reliable if the variability in the range of fair values is not significant and the probabilities of various estimates can be reasonably assessed.

Derecognition

The Company derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expire or are settled.
- The Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset.
- The Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

The Company derecognizes a financial liability when extinguished, cancelled or has expired.

Trade and other receivables

This represents receivables from customers and related parties for services rendered and rolling advances to assignees for business-related expenses. Advances to officers and employees are initially measured at fair value and subsequently measured at amortized cost less any impairment loss.

Prepayments and other current assets

This includes prepaid expenses, input VAT and deferred input VAT.

Prepaid expenses represent advance payments initially recorded as asset when paid. The portion of asset that have been used or expired during the period is charged to expense.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Security deposits

Security deposits represent rental deposit with the lessor for the condominium unit. These are measured initially at fair value and subsequently measured at amortized cost less any impairment loss.

Accruals and other payable

Accruals and other payables are present obligations on the basis of normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. The Company classifies a liability as current when it expects to settle the liability within 12 months after the reporting period.

Other payables represent reimbursement of business-related expenses incurred by the employees. These are initially measured at fair value and subsequently measured at amortized cost.

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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets and contingent liabilities

Contingent assets are not recognized in the financial statements but disclosed when inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Revenue and expense 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. The following specific recognition criteria must also be met before revenue and expense is recognized:

Service and commission income

Service and commission income are recognized when services are rendered.

Interest income

Interest income is recognized as it accrues, net of final taxes.

Expenses

Expenses are recorded when incurred and measured at the amount paid or payable.

Employee benefits

Short-term benefits

The Company provides short-term benefits to its employees in the form of salaries and wages, 13th month pay, contributions to SSS/PHIC/HDMF, bonuses and allowances that are presented under salaries, wages and employee benefits as part of expenses.

Leases - Company as lessee

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Income tax
Current tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are recalculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset 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 income will be available to allow all as part of the deferred tax assets to be utilized.
Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Equity
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issue of new shares are shown in the equity as a deduction from proceeds, net of tax. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.
Deficit include all current and prior period results of operation as reported in the statement of comprehensive income, net of any dividend declaration.

Events after financial reporting date
Post year-end events that provide additional information about the Company's position at reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Estimates and Judgements

The preparation of the accompanying financial statements in conformity with PFRS for SMEs requires the Company to make use of judgments, estimates and assumptions that affect the amounts on the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments
In process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

Lease agreements
The Company has entered into various operating lease agreements during the current year. Based on the evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Company. In determining significant risks and benefits of ownership, the Company considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term. Thus, the Company accounted for these agreements as operating leases.

Functional currency
The Company's management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. It is the currency which measures the performance and reports the results of the Company's operations.

Estimates and Assumptions
Estimating realizability of deferred tax assets
The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount 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 assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As at March 31, 2017, the Company recognized deferred tax assets on net operating loss carry-over (NOLCO) amounting to of ₱1,174,376. However, as at March 31, 2018, the Company did not recognized DTA as management assessed that it is not probable that the deferred tax assets will not be realized, thereby the Company reversed the deferred tax assets (see Note 15).

4. Cash in Bank

This account pertains to deposits in Citibank, N.A. amounting to ₱1,662,111 and ₱6,134,449 as at March 31, 2018 and 2017, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned amounted to ₱1,625 and ₱9,008 in the year ended March 31, 2018 and for the seven and a half months ended March 31, 2017, respectively.

5. Trade and Other Receivables

	2018	2017
Accounts receivable - trade	**₱2,193,376**	₱
Advances to officers and employees	**97,500**	97,500
	₱2,290,876	₱97,500

Trade receivables as at March 31, 2018 consists of receivables from customers and related parties amounting to ₱330,000 and ₱1,863,376, respectively (see Note 9).

The Company's aging of trade receivables is as follows:

	2018	2017
Current	**₱1,863,376**	₱
Past due accounts but not impaired		
1 - 30 days	**330,000**	–
31 - 60 days	**–**	–
Above 60 days	**–**	–
	₱2,193,376	₱

There are no impairment losses recognized in 2018 and 2017.

Advances to officers and employees represent rolling advances of assignees subject to liquidation.

6. Prepayments and Other Current Assets

	2018	2017
Prepaid rent	**₱664,974**	₱372,514
Input VAT	**641,903**	128,243
Deferred input tax	**97,284**	15,600
Advances for liquidation	**6,193**	–
Creditable withholding tax	**580**	–
	₱1,410,934	₱516,357

7. Security Deposit

This account consists of two (2) months security deposits to the following lessors:

	2018	2017
Regus PLT Centre Inc.	**₱228,042**	₱228,042
Excellent Forex Corp.	**179,200**	268,800
Pragmatic Development & Construction Corp.	**148,228**	–
	₱555,470	₱496,842

8. Accruals and Other Payables

	2018	2017
Accrued expenses	**₱1,495,243**	₱278,413
Deferred output tax	**235,005**	–
Payable to officers and employees	**230,871**	452,133
Fringe benefit tax payable	**189,810**	173,469
Withholding tax payable on wages	**59,217**	98,255
Withholding tax payable at source	**16,055**	15,605
SSS, PHIC and HDMF payable	**9,270**	32,590
Documentary stamp tax payable	**473**	–
	₱2,235,944	₱1,050,465

Accrued expenses consist of the following:

	2018	2017
Professional fees	**₱875,168**	₱157,600
Salaries	**574,218**	120,813
Vehicle rental	**45,857**	–
	₱1,495,243	₱278,413

9. Related Party Transaction

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, has transactions with affiliates. The Company's relationships with the related parties are disclosed below:

Related Party	Relationship
Thermax Ltd.	Affiliate
Thermax Instrumentation Limited - Philippines Branch	Affiliate

Significant transactions of the Company in the normal course of business with related parties are described below. Transactions are generally settled in cash, unless otherwise stated.

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
2018				
Thermax Limited				
Commission on orders	₱4,703,183	₱1,863,376	Non-interest bearing, 30-days	Unsecured, no impairment
2017				
Thermax Instrumentation Limited – Philippines Branch Due to affiliate	₱742,725	₱742,725	Non-interest bearing, no specific repayment terms	Unsecured, no impairment

Commission on orders pertains to commission for negotiation and finalization of orders executed by Thermax Limited and its subsidiary companies / associates. This receivable is included in Accounts receivable - trade (see Note 5).

Key management personnel compensation

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the year ended March 31, 2018 and for the period August 19, 2016 to March 31, 2017 amounted to ₱2,242,877 and ₱602,350, respectively.

10. Share Capital

The Company's share capital as at March 31, 2018 and 2017 consists of:

	2018		2017	
	Number of shares	In Philippine Peso	Number of shares	In Philippine Peso
Authorized capital stock ₱100 par value per share	900,000	₱90,000,000	900,000	₱90,000,000
Subscribed capital stock ₱100 par value per share	225,000	₱22,500,000	225,000	₱22,500,000
Paid up capital ₱100 par value per share	225,000	₱22,500,000	94,000	₱9,400,000

The Company received ₱13,100,000 additional paid up capital from Thermax Engineering Singapore Pte. Ltd. during the year ended March 31, 2018.

The Company has one (1) shareholder owning one hundred (100) or more shares.

11. Revenue

	2018	2017
Service income	₱323,643	₱ –
Commission income	4,703,183	–
	₱5,026,826	₱ –

12. Operating Expenses

	2018	2017
Payroll and other related expenses	**₱6,061,397**	₱1,249,154
Professional fees	**3,726,090**	407,612
Rent expense (Note 14)	**2,369,576**	335,073
Transportation and travel	**1,847,719**	376,419
Fringe benefit expense	**1,813,183**	373,937
Vehicle rental	**1,580,538**	342,930
Fringe benefit tax expense	**877,188**	175,970
Advertising expense	**439,286**	121,400
Outside services	**397,960**	–
Communication Expense	**94,672**	32,500
Penalties and surcharges	**91,019**	120
Printing and office supplies	**82,880**	10,355
Bank charges	**52,387**	12,111
Taxes and licenses	**28,115**	410,676
Courier	**974**	–
Site expenses	**–**	31,172
Miscellaneous	**453,751**	77,624
	₱19,916,735	₱3,957,051

Miscellaneous expense includes input tax expense, medical expense, interest expense and others.

13. Other Income

	2018	2017
Realized gain on foreign exchange	**₱19,774**	₱ –
Interest income	**1,625**	9,008
	₱21,399	₱ 9,008

14. Lease Agreements

The Company entered in operating lease agreements as follows:

a. Lease of condominium located at Unit- 310 3rd Floor Milano Residences Century City, Makati City, Philippines for a period of one (1) year from February 3, 2017 to February 2, 2018 with a monthly rent of ₱40,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and three (3) months advance rent for the months of February to April, 2017. During the year the contract was pre-terminated and the security deposit has been forfeited.

b. Lease of condominium located at Unit- 3403D 34th Floor Milano Residences Century City, Makati City, Philippines for a period of one (1) year from January 17, 2018 to January 17, 2019 with a monthly rent of ₱40,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and three (3) months advance rent for the months of January to March, 2017. Subsequently, the contract was renewed for a period of (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₱42,400 exclusive of VAT. The security deposit was carry forward from the previous contract.

c. Lease of condominium located at Unit- 46U105C 46th Floor Milano Residences Century City, Makati City, Philippines for a period of one (1) year from January 29, 2017 to January 29, 2018 with a monthly rent of ₱40,000 exclusive of VAT. Upon execution of contract, the lessee shall pay in Security Deposit of two (2) months and three (3) months advance rent for the months of January to March, 2017. Subsequently, the contract was renewed for a period of (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₱42,400 exclusive of VAT. The security deposit was carry forward from the previous contract.

d. Lease of office space located at Level 40, PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, Philippines for a period of one (1) year from March 1, 2017 to February 28, 2018 with a monthly rent of ₱114,021 exclusive of VAT. Upon execution of the contract, the lessee shall pay two (2) months service retainer. Subsequently, the contract was renewed for a period of (1) years from March 1, 2018 to February 28, 2019 with a monthly rent of ₱126,690 exclusive of VAT. The security deposit was carry forward from the previous contract.

Rent expense amounted to ₱2,369,576 and ₱335,073 for the year ended March 31, 2018 and for the period August 19, 2016 to March 31, 2017, respectively (Note 12).

The future minimum lease payments (excluding taxes, etc.) are as follows:

	2018	2017
Less than one year	**₱2,579,973**	₱2,374,231
Between 1 to 5 years	**430,996**	–
More than 5 years	**–**	–
	₱3,010,969	₱2,374,231

15. Income Taxes

The provision for (benefit from) income tax pertains to the deferred tax expense (benefit) from NOLCO during the taxable year.

The carrying amount and composition of the Company's unrecognized net deferred tax asset as at March 31, 2018 and 2017 pertains to NOLCO amounting to ₱5,533,371 and nil, respectively. The Company will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carryforward benefits of unused NOLCO is available for offset against taxable income over a period of three years. Details of the Company's NOLCO are as follows:

Year Incurred	Amount	Expiration
2018	₱14,529,983	2021
2017	3,914,588	2020
Total	₱18,444,571	

The reconciliation between the tax computed at statutory income tax rates to provision for income tax follows:

	2017	2016
Loss at statutory income tax rate	(₱4,460,553)	(₱1,184,413)
Tax effects of:		
Movement in unrecognized deferred tax asset	4,358,995	–
Reversal of DTA on NOLCO	1,174,376	–
Interest income subjected to final tax	(488)	(2,702)
Nondeductible expenses	102,046	12,739
Provision for income tax	₱1,174,376	(₱1,174,376)

16. Supplementary Tax Information under Revenue Regulations No. 15-2010

The Bureau of Internal Revenue has issued Revenue Regulations (RR) No. 15-2010 which requires certain tax information to be disclosed in the notes to financial statements. The additional required disclosures as at and for the year ended March 31, 2018 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

Sales of services	₱323,643
Commission	4,703,183
Less:	
Uncollected service income	(294,643)
Uncollected commission income	(1,663,728)
Total vatable gross receipts	3,068,455
Multiply by: Tax rate	12%
Total output tax for the year	₱368,215
Current year's purchases	
Domestic purchases of goods other than capital goods	₱64,525
Domestic services	7,284,428
Total vatable purchases	7,348,953
Multiply by: Tax rate	12%
Total input for the year	881,875
Add: Previous year's excess input tax	128,243
Total allowable input tax	₱1,010,118
Output VAT declared for the year	₱368,215
Less: Total Input VAT at the end of the year	1,010,118
Excess Input VAT	(₱641,903)

Landed cost, customs duties and tariffs
The Company has no transactions which are subject to the determination of actual landed cost as the basis of computation and payment of customs duties and tariffs.

Excise taxes
The Company has no transactions that are subject to excise tax.

Documentary stamp taxes
Documentary stamp tax of ₱4,088 was paid relating to house lease contract entered for the Company's employees and ₱473 was accrued for the new rent a car lease contract.

Other taxes, local and national
This account consists of taxes and licenses paid and accrued are as follows:

Business permit	₱18,629
Documentary stamp tax	4,561
Other licenses	3,100
Community tax certificate	1,325
Annual registration	500
	₱28,115

Withholding taxes

i. Withholding tax on compensation

Total withholding tax payable for the year	₱1,300,639
Less: Payments made from March 2017 to February 2018	1,241,422
Withholding tax still due and payable	₱59,217

ii. Fringe benefits tax

Total fringe benefit tax payable for the year	₱877,188
Less: Payments made from April 2017 to February 2018	(687,378)
Fringe benefit tax still due and payable	₱189,810

iii. Expanded withholding tax

Total withholding tax payable for the year	₱281,402
Less: Payments made from April 2017 to February 2018	265,347
Withholding tax still due and payable	₱16,055

iv. Final withholding tax

The Company has no transactions subject to final withholding tax.

v. Creditable withholding tax

Current year's creditable withholding tax	₱580
Creditable withholding tax applied for the year	–
Creditable withholding tax balance	₱580

Tax assessment
The Company has not received any tax assessments from the BIR.

Tax cases
The Company has no outstanding cases which are under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

THERMAX NIGERIA LIMITED

Directors	*Independent auditor*	*Corporate office*
Mahesh Bukinkere Shailesh Nadkarni	Pricewaterhouse Coopers Chartered Accountants Landmark Towers, Plot 5B Water Corporation Road Victoria Island Lagos	Plot 5B Landmark Towers, Water Corporation Road Victoria Island Lagos Naigeria

Company secretary

Eko nominees limited
5b Water Corporation Rd
Victoria Island
Lagos
Nigeria

Financial statements

For the year ended 31 March 2018

Report of the directors

The Directors of Thermax Nigeria Limited ("the company") submit their report on the affairs of the Company together with the audited financial statements which have been prepared in line with the International Financial Reporting Standards (IFRS) and the report of the auditors for the year ended 31 March 2018.

Incorporation and address

Thermax (Nigeria) Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private company and is domiciled in Nigeria. The address of its registered office is:

Plot 5B
Laudmark Towers, Water Corporation Road, Victora Island,
Lagos, Nigeria

Principal activities

Thermax (Nigeria) Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation & maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems & power plants etc.

Results and dividends
The Company has not commenced operations as at the year ended 31 March 2018.

Directors
The directors who held office during the year and to the date of this report are set out on page 3.

Directors' shareholding
According to the register of members as at 31 March 2018, the following are the shareholders of Thermax Nigeria Limited.

Shareholding	Number of shares held at 31 March -18			
	Shareholding (units)	Percentage	Shareholding (units)	Percentage
Thermax International Limited	49,999,800	99.9996%	49,999,800	99.9996%
Thermax Engineering Singapore PTE Limited	200	0.0004%	200	0.0004%
	50,000,000	100%	50,000,000	100%

Directors' interests in contracts
None of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year

____
Eko Nominees Limited.
Company Secretary, Lagos, Nigeria

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibility include:

a) ensuring that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, requirement implementing and maintaining internal control relevant to the preparation and fair Presentation of financial statements that are free from material misstatements, whether due to fraud or error and

C) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors' further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mahesh Bukinkere	**Shailesh Nadkarni**
Director	Director
15 May 2018	15 May 2018

THERMAX NIGERIA LIMITED

Report on the audit of the financial statements

Our opinion
In our opinion, Thermax Nigeria Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Thermax Nigeria Limited's financial statements comprise:
- the statement of financial position as at 31 March 2018;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises Report of the directors, Statement of directors' responsibilities and Statement of value added (but does not include the financial statements and our auditor's report thereon).

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

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

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standard (IFRS) and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements
The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

For: PricewaerhouseCoopers

Chartered Accountants
Lagos, Nigeria

Financial Statements for the year ended 31 March 2018

Statement of Profit and Loss and Other Comprehensive Income

	Notes	31 March 2018		31 March 2017	
CONTINUING OPERATIONS		**NGN**	**Rs. Lacs**	NGN	Rs. Lacs
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Distribution and Selling Cost		-	-	-	-
Administrative expenses	3	**(2,089,000)**	**(4.45)**	(1,376,325)	(2.91)
Operating Loss		**(2,089,000)**	**(4.45)**	(1,376,325)	(2.91)
Finance income		-	-	-	-
Finance cost		-	-	-	-
		-	-	-	-
Loss Before Tax		**(2,089,000)**	**(4.45)**	(1,376,325)	(2.91)
Income Tax Expenses	4	-	-	-	-
Loss After Tax		**(2,089,000)**	**(4.45)**	(1,376,325)	(2.91)

The notes on pages 12 to 17 are an integral part of these financial statements

Exchange Rate: as at 31 March 18 is 1 INR = NGN 0.00000213
Exchange Rate: as at 31 March 17 is 1 INR = NGN 0.00000211

Statement of Financial Position

	Notes	31 March 2018		31 March 2017	
		NGN	**Rs. Lacs**	NGN	Rs. Lacs
Assets					
Non-Current Assets					
Deferred tax asset		-	-	-	-
Total non-current assets		-	-	-	-
Current assets					
Cash and cash equivalents		-	-	-	-
Total current assets		-	-	-	-
Total assets		-	-	-	-
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	4	-	-	-	-
Total non-current liabilities		-	-	-	-
Current liabilities					
Current tax liabilities	4	-	-	-	-
Accruals	5	**3,465,000**	**7.38**	1,376,000	2.91
Total current liabilities		**3,465,000**	**7.38**	1,376,000	2.91
Total liabilities		**3,465,000**	**7.38**	1,376,000	2.91
EQUITY					
Share capital and share premium		-	-	-	-
Retained earnings		**(3,465,000)**	**(7.38)**	(1,376,000)	(2.91)
Total equity		**(3,465,000)**	**(7.38)**	(1,376,000)	(2.91)
Total equity and liabilities		-	-	-	-

The notes on pages 12 to 17 are an integral part of these financial statements

The financial statements on pages 9 to 18 were approved and authorized for issue by the board of directors on 15 May 2018 and were signed on its behalf by:

Mahesh Bukinkere	**Shailesh Nadkarni**
Director	Director

Statement of Changes in Equity

	Notes	Attributable to equity holders of the Company					
		Share capital		Reatined earnings		Total	
		NGN	Rs. Lacs	NGN	Rs. Lacs	NGN	Rs. Lacs
Balance at 5 October 2015		-	-	-	-	-	-
Loss for the period	3	-	-	(1,376,000)	-2.93	(1,376,000)	(2.93)
Total comprehensive income for the		-	-	(1,376,000)	(2.93)	(1,376,000)	(2.93)
Transaction with owners:							
Dividends provided for or paid		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Balance as at 31 March 2017		-	-	(1,376,000)	(2.93)	(1,376,000)	(2.93)
At 1 April 2017		-	-	(1,376,000)	(2.93)	(1,376,000)	(2.93)
Loss for the period	3	-	-	(2,089,000)	(4.45)	(2,089,000)	(4.45)
Total comprehensive income for the		-	-	(2,089,000)	(4.45)	(2,089,000)	(4.45)
Transaction with owners:							
Dividends provided for or paid		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Balance at 31 March 2018		-	-	(3,465,000)	(7.38)	(3,465,000)	(7.38)

The notes on pages 12 to 17 are an integral part of these financial statements

For the year ended 31 March 2018 Notes to the financial statements

1. General information

Thermax Nigeria Limited was incorporated in Nigeria as a private limited liability Company in 2015. The Company is domiciled in Nigeria and the address of its registered office is:

Plot 5B
Landmark Towers, Water Corporation Road, Victoria Island Lagos, Nigeria

Thermax (Nigeria) Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation & maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems & power plants etc.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements of Thermax Nigeria Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis (See Note 12). The directors are of the opinion that the Company will continue to be in operation in the nearest future. There is no intention on their part to liquidate the entity or to significantly curtail its activities.

2.2.2 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations adopted by the Company.

There were no new standards adopted by the Company for the first time for the financial year beginning on or after 1 January 2018.

ii) New standards, amendments, interpretations issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 March 2017, and have not been applied in preparing these financial statements. Management is yet to assess the effect of the following standards on the financial statements of the Company.

IFRS 15 - ‘Revenue from contracts with customers’, issued in May 2014 (Effective 1st January 2018) . This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is yet to fully assess the expected impact on this standard.

IFRS 9, ‘Financial instruments’ (effective 1st January 2018), This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess IFRS 9’s full impact.

IFRS 16 - ‘Leases’, issued in January 2016 (Effective 1 January 2019) .

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17. The Company is yet to assess IFRS 16’s full impact.

Other amendments and standards are not deemed to relate to the transactions of the Company. 2.3 Revenue recognition

Revenue represents the consideration receivable for sale of goods and is stated net of rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured and when risks and rewards have passed to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated net of discounts, returns.

The Comapany is yet to earn any revenue.

2.4 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

There were no cash flows from operating, investing and financing activities during the period. Hence no cashflow statement has been included in this financial statements.

2.5 Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent 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 can be measured reliably. Repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful life
Land improvements, bu	28
Office equipment	15
Furniture and fitting	15
Motor vehicles	7 - 10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposal of property, plant and equipment are included in 'administrative expenses'.

Capital work in progress (CWIP) is capitalised from the date the asset is put to use. During the period, the company did not incur any investment in fixed assets.

2.6 Current and deferred taxation

2.6.1Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax'

as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

2.7 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.9 Foreign currency translation

Functional and presentation currency

In preparing the financial statements of each individual company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

		31 March 2018 N'000	31 March 2017 N'000
3	**Administrative expenses**		
	Audit fee	**1,081**	918
	Professional fees	**720**	459
	Secretarial fees	**43**	-
	Foreign exchange loss	**245**	-
		2,089	1,376

4 Company income and deferred tax

A The Company has no current income tax liability as no taxable profit was generated during the year ended 31 March 2018.

B Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31 March 2018 N'000	31 March 2017 N'000
Loss before tax	**(2,089)**	(1,376)
Tax calculated at statutory rate @ 30% Tax effects of:	**(627)**	(413)
Deferred tax not recognised	**627**	413
Income tax expense	-	-

C Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of N1,039,500 for the Company have not been recognised as at 31 March 2018 because it is not probable that future taxable profits will be available against which they can be utilised.

5 Accruals

This represents accruals for professional services, audit fees and secretarial fees incurred during the company's 2018 audit.

	31 March 2018 N'000	31 March 2017 N'000
Audit fee payable	**1,998**	918
Professional fee payable	**1,179**	459
Secretarial fee payable	**43**	-
Exchange loss	**245**	-
Closing balance	**3,465**	1,376

6 Related parties

Thermax Nigeia Limited is owned by both Thermax International Limited (99.9%) and Thermax Engineering Singapore PTE Limited (o.o1%).

There were no transactions between Thermax Nigeria Limited and any of its related parties during the year.

a) Administration and finance cost There was no administrative and finance intercompany transaction during the year.

b) Sales to related parties

There were no sales to related parties in year (2017: Nil).

c) Purchases from related parties There were no purchases from related parties during the year (2017: nil)

d) Receivables from related parties There were no receivables from related parties during the year (2017: nil)

e) Payable to related parties

There were no payables to related parties during the year (2017: nil)

f) Key management compensation

Key management personnel of the Company includes the directors. No compensation was paid or is payable to key management for employee services.

7 Directors and employees

The Company did not have any employee during the year.

8 Contingent liabilities

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Company had no contingent liability as at the time of this report.

9 Commitments

The Company had no capital commitments as at 31 March 2018 (2017: Nil).

10 Events after reporting period

There were no material events after the reporting period

11 Compliance with regulatory bodies

There was no record of non-compliance during the year.

12 Going concern

The Company is yet to commence business. However, the directors have affirmed that the Company remains a going concern.

Statement of Value added.

	31 March 2018 N'000	**%**	31 March 2017 N'000	%
Revenue				
Bough in materials and services	-	-	-	-
All Local	(2,089)	100	(1,376)	100
Other Income	-	-	-	-
Value added	(2,089)	100	(1,376)	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	-	-	-	-
To pay providers of capital:				
Finance cost	-	-	-	-
To pay government:				
Tax expense	-	-	-	-
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	-	-	-	-
Retained loss for the year	(2,089)	100	(1,376)	100
Value added	(2,089)	100	(1,376)	100

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Board of Directors	*Registered Office*	*Auditors*
Amitabha Mukhopadhyay Hemant Mohgaonkar	Level 3, No.11, Castle Lane Colombo - 4	Emst & Young Chartered Accountants 201 De Saram Place P.O.Box 101 Colombo 107 Sri Lanka

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Thermax Energy & Environment Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs).

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

9 May 2018
Colombo

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Statement of Financial Position

As at 31 March 2018

ASSETS	Note No	31 March 2018 LKR	31 March 2018 Rs Lacs
Non-Current Assets			
Property, Plant and Equipment	4	**109,463**	**0.46**
		109,463	**0.46**
Current Assets			
Trade and other Receivables	5	**213,750**	**0.90**
Pre payment and advancees		**1,282,500**	**5.37**
Cash and Cash Equivalents	6	**145,738,753**	**610.40**
		147,235,003	**616.66**
Total Assets		**147,344,466**	**617.12**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	7	**153,300,000**	**642.07**
Retained Earnings		**(6,405,280)**	**(26.83)**
Total Equity		**146,894,720**	**615.24**
Current Liabilities			
Trade and other payables	8	**449,746**	**1.88**
		449,746	**1.88**
Total Liabilities		**449,746**	**1.88**
Total Equity and Liabilities		**147,344,466**	**617.12**

Statement of Profit/Loss And Other Comprehensive Income

Year ended 31 March 2018

	Note No	31 March 2018 LKR	31 March 2018 Rs Lacs
Revenue		**-**	**-**
Cost of Sales		**-**	**-**
Gross Profit		**-**	**-**
Admistrative Expenses	9	**(8,455,450)**	**(35.41)**
Finance Income		**2,050,170**	**8.59**
Profit/(loss) before tax		**(6,405,280)**	**(26.83)**
Income Tax Expenses		**-**	**-**
Profit/(loss) for the year		**(6,405,280)**	**(26.83)**

Statement of Changes In Equity

Year ended 31 March 2018

	Stated Capital		Revaluation Reserve		Other Capital Reserve		Reatained Earnings			Total
	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs
Balance as at 01 April 2017	-	-	-	-	-	-	-	-	-	-
Issue of Shares	153,300,000	642.07	-	-	-	-	-	-	153,300,000	642.07
Profit / (Loss) for the year	-	-	-	-	-	-	(6,405,280)	(26.83)	(6,405,280)	(26.83)
Balance at 31st March 2018	153,300,000	642.07	-	-	-	-	(6,405,280)	(26.83)	146,894,720	615.24

The accounting policies and notes on pages 07 through 12 form an integral part of these Financial Statements.

Exchange Rate: as at 31 March 18 is 1 LKR = Rs. 4.1883

Cash Flow Statement

Year ended 31 March 2018

	Note No	31 March 2018	
		LKR	**Rs Lacs**
Cash flows from/(used in) Oprating Activities			
Profit/(Loss) before Tax		**(6,405,280)**	**(26.83)**
Adjustments for			
Depreciation and Amortisation	4.2	**7,537**	**0.03**
Operating Profit/(Loss) before working Capital Changes		**(6,397,743)**	**(26.80)**
(Increase) / Decrease in Trade and other Receivables	5	**(213,750)**	**(0.90)**
(Increase) / Decrease in Pre payment and Advances		**(1,282,500)**	**(5.37)**
Increase / (Decrease) in Trade and other Payables	8	**449,746**	**1.88**
Cash Generated from / (used in) Operations		**(7,444,247)**	**(31.18)**
Net Cash from/(used in) Operating Activities		**(7,444,247)**	**(31.18)**
Cash Flows from/(used in) Investing Activities			
Acquisition of property,Plant and Equipment	4.1	**(117,000)**	**(0.49)**
Net Cash from/(used in) Investing Activities		**(117,000)**	**(0.49)**
Cash Flows from/(used in) Financial Activities			
Proceeds from Share Issue	5	**153,300,000**	**642.07**
Net Cash Flows from/(used in) Financial Activities		**153,300,000**	**642.07**
Net Increase/(Decrease) in Cash and Cash Equivalents		**145,738,753**	**610.40**
Cash and Cash Equivalents at the beginning of the year		**-**	**-**
Cash and Cash Equivalents at the end of the year		**145,738,753**	**610.40**

The accounting policies and notes on pages 07 through 12 from an integral part of these Financial Statements.

Exchange Rate: as at 31 March 2018 1 LKR = Rs. 4.1883

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2018

1. CORPORATE INFORMATION

1.1 General

Thermax Energy & Environment Lanka (Pvt) Ltd ("Company") is a limited liability Company incorporated on 08 August 2017 in accordance with Companies Act No 7 of 2007 and domiciled in Sri Lanka. The registered office of the Company is located at Level 3, No 11, Castel Lane, Colombo 4.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company is to carry on business is Design, Install, Maintain and Supply of Industrial Equipments. Further company engage in sales and marketing, undertake turnkey solutions, erection and commissioning, operations and maintenance of Industrial Equipments.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Thermax Engineering Singapore PTE Ltd which is incorporated in Singapore. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is RDA Holdings Pvt Ltd which is incorporated in India.

1.4 Date of Authorization for Issue

The Financial Statements of Thermax Energy & Environment Lanka (Pvt) Ltd for the period ended 31 March 2018 were authorised for issue in accordance with the resolution of the Board of Directors on 8 May 2018.

2. General Policies

2.1 Statement of Compliance

The financial statements which comprises of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow together with accounting policies and notes have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Preparation

These financial statements have been prepared in accordance with the Sri Lankan Financial Reporting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka.

The functional currency of the company is Sri Lankan Rupees. The financial statements of the company are presented in Sri Lankan Rupees. The financial statements have been prepared on a historical cost basis otherwise indicate.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparations of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign Currency Translations

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.2 Taxation

a) Current Tax

Current income tax assets and liabilities for the current and prior periods 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 by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

b) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

c) Deferred Taxation

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 liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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.

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

The deferred tax asset has not been recognized since there is no reasonable evidence that the temporary difference relating to accumulated tax losses carried forward will reverse for some considerable period ahead.

3.3 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.4 Property, Plant and Equipment

3.4.1 Recognition and measurement

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

3.4.2 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

3.4.3 Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current periods are as follows:

Computer & Software 04 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

3.5 Provisions

Provisions are recognised 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.

3.6 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.7 Expenses

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income statement.

For the purpose of presentation of the Income Statement the directors are of the opinion that "function of expenses" method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

		Additions/ Revaluation	Disposals	Balance As at 31.03.2018
4.	**PROPERTY, PLANT AND EQUIPMENT**			
		Rs.	Rs.	Rs.
4.1	**Gross Carrying Amounts**			
	At Cost			
	Computers & Software	117,000	-	117,000
	Total Gross Carrying Amount	117,000	-	117,000

		Charge for the year	Disposals/ Transfers	Balance As at 31.03.2018
4.2	**Depreciation**			
		Rs.	Rs.	Rs.
	At Cost			
	Computers & Software	7,537	-	7,537
	Total Gross Carrying Amount	7,537	-	7,537

		2018
4.3	**Net Book Value of Assets**	
		Rs.
	At Cost	
	Computers & Software	109,463
	Total Carrying Amount of Property, Plant and Equipment	109,463

4.3 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 117,000/-. Cash payments amounting to Rs. 117,000/- were made during the year for purchase of Property, Plant and Equipment.

		2018
5.	**TRADE AND OTHER RECEIVABLES**	
		Rs.
		-
	Trade Debtors	-
	Refundable Deposit	213,750
		213,750
		213,750

6.	**CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT**	
	Components of Cash and Cash Equivalents	
	Favourable Cash and Cash Equivalent Balances	
	Cash and Bank Balances	3,688,583
	Short Term Deposits (Note 6.1)	145,738,753
		145,738,753
	Unfavourable Cash and Cash Equivalent Balances	
	Bank Overdrafts	-
	Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	145,738,753

6.1	**Short Term Investments**	
	Investments in Fixed Deposit	140,000,000
	Interest Receivable on Fixed Deposits	2,050,170
		142,050,170

		2018	
7.	**STATED CAPITAL**		
		Number	**Rs.**
	Fully Paid Ordinary Shares	15,330,000	153,300,000
		15,330,000	153,300,000

8.	TRADE AND OTHER PAYABLES	2018
	Accrued Expenses	Rs.
	Accounting Charges Payable	**119,646**
	Other Payable	**100**
	Vehicle Rent Payable	**120,000**
	Visa Expenses Payable	**60,000**
	Audit fee payable	150,000
		449,746
		449,746

STATEMENT 1	2018
Administrative expenses	**Rs.**
Accounting Charges	119,646
Bank Charges	2,000
BOI Fees	60,174
Communication Expense	67,775
Courier Charges	61,521
Customer Relation Expense	25,000
EPF Expenses	558,218
ETF	97,339
Food Expense	138,786
Foreign Travelling	156,798
Fuel Expense	172,036
House Rent	1,282,500
Legal & Professional Fees	97,417
Miscellaneous Expenses	11,050
Parking/Toll Fees	13,930
PAYE Expense	381,780
Payroll Processing Fees	55,131
Printing & Copying	5,580
Salaries & Wages	3,367,432
School Fees	910,000
Transport Charges	53,800
Vehicle Rent	600,000
VISA Expenses	60,000
IT Equipment depreciation Acc	7,537
Audit Fee	150,000
	8,455,450

DANSTOKER POLAND SP. ZO.O.

Managment Board Member	*Registered Office*	*Auditors*
Jan Enemark (President) ***Hemant Prabhakar Mohgaonkar (Board Member)***	***Ostrowiec Św. ul. Kolejowa 20***	***BDO Sp. z.o.o.*** ***ul. Postepu 12,*** ***02-676 Warszawa*** ***Polska***
Chief Operating Officer	*In charge of the books of account*	*Bankers*
Grzegorz Borkowski	***Piotr Cynkier***	***mBank***

I. DIRECTORS' REPORT ON THE COMPANY'S ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

I. Significant events that occurred in and after the financial year and had effect on the Company's operations

The Company commenced operations in the financial year. The Company's initial operations were significantly affected by the bankruptcy of its first client (Weiss A/S), with which the Company had signed an agreement for the provision of production services. Starting in July 2017 the Company began to receive orders from the following companies from its group: Danstoker A/S and Boilerworks A/S. In the financial year the Company began efforts to launch its own sales network.

II. Anticipated growth

The Company's sales plan for the year 2018 calls for a considerable increase in local market share. The Company's strategy provides for becoming fully independent of the companies from the Group. The Company's priority will be to utilize all of its production capacity, while at the same time continuing to increase it (the investment expenses approved for 2018 provide for new investments in machines and equipment). Of key significance will be continuous control and reduction of costs, while maintaining the required quality of services and products. The Company intends to take advantage of the recognition of the Danstoker brand in Poland, take an active part in trade shows in Central Europe and strengthen its image through marketing campaigns (trade press, the internet).

III. Technological research and development achievements

The Company does not conduct technological research.

IV. Current and anticipated financial position

In the first year of its operations the Company incurred a loss of 1.119 thousand pln. The Company's net revenue from the sale of finished products, services, goods for resale and raw materials amounted to 7.290 thousand pln, of which 2.077 thousand pln from group companies. The sales plan for the coming year calls for a significant rise in sales and thus for the achievement of a net profit.

Current financial position (in '000 pln):
1) Total assets and liabilities = 29.415
2) Net loss = -1.145
3) Revenue = 8.545 consisting of:
a) Net revenue from sales and sales equivalent = 7.854
b) Other operating revenue = 554
c) Financial revenue = 137
4) Total costs = 9.821 consisting of:
a) Costs by nature = 9.406
b) Other operating costs = 407
c) Financial costs = 8

V. Acquisition of treasury (own) shares

In the reporting period the Company did not acquire its own shares.

VI. Branches

The Company has no branches.

VII. Financial instruments

Currency risk. The Company does not hedge against fluctuations in foreign currency exchange rates. Starting from 2018, transactions with companies from the Group are settled in Polish zlotys. Significant foreign currency transactions with other companies will be secured with forwards.

Risk of changes in the cost of raw materials. The Company is exposed to the risk of negative changes in the cost of raw materials. The Company hedges against this risk by setting expiration dates on its sales proposals and performing its services using materials provided by the clients.

Interest rate risk. The Company does not use external financing. The Company is not exposed to interest rate risk.

Financial liquidity risk. The Company is exposed to the risk of losing financial liquidity. The Company plans to hedge against the risk of client insolvency by insuring its receivables and requiring advance payments.

VIII. Key financial ratios

The Company has selected not to present financial ratios, as they would not be useful in assessing the first year of the Company's operations (bankruptcy of major client, no comparatives for the previous year).

IX. Key non-financial ratios

Staff rotation ratio: 10% (the less the better)

Number of accidents at work: 2 (the less the better)

Number of absence days due to accidents: 69 (the less the better)

Production order mismatch ratio: 5% (the less the better)

Environmental impact factor – values in excess of the norm for impact on ground waters and the nearby river: 24% (the less the better)

Jan Enemark
President of the Management Board

Hemant Prabhakar Mohgaonkar
Member of the Management Board

II. MANAGEMENT'S DECLARATION

In accordance with Article 52 of the Accounting Act of 29 September 1994 with subsequent amendments, the Management Board of the Company Danstoker Poland Sp. z o.o. presents its financial statements for the financial year ended 31 December 2017, consisting of:

- the balance sheet prepared as at 31 December 2017,
- the profit and loss account for the period 18 November 2016 - 31 December 2017
- the statement of cash flows for the period 18 November 2016 - 31 December 2017,
- the statement of changes in shareholders' equity for the period 18 November 2016 - 31 December 2017,
- additional information, consisting of introduction and notes to the financial statements.

The financial statements are accompanied by the Directors' Report on the Company's activities for the period covered by the financial statements.

The financial statements have been prepared in accordance with the presented provisions of the Accounting Act, and give a true and fair view of the Company's financial position and financial result.

Signatures of Company representatives:

Jan Enemark,
President of the Management Board

Piotr Cynkier,
person in charge of the books of account

Hemant Prabhakar Mohgaonkar, Board member

Grzegorz Borkowski, Chief Operating Officer

III. ADDITIONAL INFORMATION

IIIA. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. General information

The financial statements of Danstoker Poland Sp. z o.o, with its registered office in Ostrowiec Św. ul. Kolejowa 20 have been prepared in accordance with the Accounting Act of 29 September 1994 and the Code of Commercial Partnerships and Companies of 15 September 2000.

The Company's activities consist of:
- design and manufacture of boilers, high pressure tanks, exchangers and steel structures

Classification of the Company's activities in accordance with PKD [Polish Classification of Activities] 2007:

Core activity:
- manufacture of heaters and central heating boilers

Secondary activities:
- manufacture of steel structures and their parts
- manufacture of other tanks, cisterns and metal containers
- metal working and metal coating
- mechanical working of metal components
- manufacture of other metal products, otherwise unclassified
- specialized design
- engineering and related technical consulting
- installation of water and sewer, heating, gas and air-conditioning systems

The Company was entered in the Business Register of the National Court Register on 14 December 2016 in number KRS 0000652298.

In accordance with its statute/articles of association, the Company has been formed for an unspecified time.

2. Presentation of financial statements

The Company is presenting its financial statements for the financial year from 18 November 2016 to 31 December 2017.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future of no less than a year of the balance sheet date. As at the balance sheet date the Company shows negative equity, which will be raised in the 2nd quarter of 2018. The Company has its Owner's assurance of continued support. There are no other known threats to the Company's going concern.

The Company is presenting additional information to the balance sheet in accordance with Appendix No. 1 to the Accounting Act.

3. Comparability of data

The present financial statements contain financial data for the financial year 18.11.2016 – 31.12.2017

4. Accounting methods

The financial statements have been prepared in accordance with the requirements of the Accounting Act of 29 September 1994 applicable to going concerns.

The accounting methods adopted by the Company are applied continuously. The Company prepares its profit and loss account by nature costs.

In the financial statements, the Entity shows economic events in accordance with their economic content.

In its financial statements the Company discloses economic events in accordance with their economic substance. The Company's financial result for the financial year includes all revenue earned by and due to the Company, as well as all the costs associated with such revenue in accordance with the accrual method, the matching concept and the prudence principle.

4.1. Profit and loss account

4.1.1. Revenue

Sales revenue includes net amounts undoubtedly due or received as a result of sales, i.e. amounts reduced by applicable output value added tax (VAT), recorded in the periods to which they pertain. Revenue from the sale of finished products, goods for resale and raw materials is recognized in the profit and loss account when the significant risks and benefits of their ownership are transferred onto the buyer.

4.1.2. Costs

The Company records its costs by nature. The costs of finished products, goods for resale and raw materials sold include costs directly associated with them, as well as a justified portion of indirect costs.

The portion of indirect production costs that does not correspond to the level of such costs when normal production capacity is utilized constitutes a cost of the period in which it was incurred.

In addition, the Company's financial result is affected by:
- Other operating revenue and costs indirectly related to the Company's operations, such as, among others, profits and losses from the sale of non-financial fixed assets, revaluation of non-financial assets, formation and release of provisions for future risks, penalties, fines and damage compensation, the receipt or presentation of donations.
- Financial revenue from dividends (shares in profits), interest, profits from the sale of investments, revaluation of investments, foreign exchange gains.
- Financial costs of interest, losses on the sale of investments, revaluation of investments, foreign exchange losses.

4.1.3. Taxation

The Company's gross financial result is adjusted by:
- its current corporate income tax liabilities,
- changes in deferred income tax assets and provisions for deferred income tax

Deferred tax – the Company does not apply the simplifications arising out of Article 37 par. 10 of the Accounting Act, which make it possible to omit the calculation of deferred income tax assets and provisions for deferred income tax.

4.1.4. Current income tax

The Company's current income tax
- is subject to the provisions of the Corporate Income Tax Act,
- is not exempt from corporate income tax based on Article 17 of the Corporate Income Tax Act.

The Company's current corporate income tax liabilities are calculated in accordance with binding tax regulations.

4.1.5. Deferred income tax

Due to temporary differences in the value of the assets and liabilities shown in the books of account and their tax value, as well as the tax losses that may be deducted in the future, the Company creates a provision for deferred income tax and determines the value of deferred tax assets relating to the income tax of which it is a payer.

Deferred income tax assets are set at an amount expected to be deducted from income tax due to negative temporary differences, which will reduce the future tax base, as well as any deductible tax loss determined in accordance with the prudence principle.

Provisions for deferred income tax are created at the amount of income tax that will be payable in the future due to the existence of positive temporary differences, i.e. differences that will increase the tax base in the future.

The deferred portion disclosed in the profit and loss account constitutes the difference between the balance of provisions for deferred income tax and deferred income tax assets as at the end and beginning of the reporting period.

Provisions for deferred income tax and deferred income tax assets relating to transactions settled against equity are charged to equity.

The Company has adopted a method of not offsetting deferred income tax assets and provisions for deferred income tax.

The Company has adopted the following method for the reversal of temporary differences:

- if corporate income tax rates are different in the different financial years, the Company adopted the FIFO method in the reversal of temporary differences,

  The amount of provisions for deferred income tax and deferred income tax assets is determined by taking into account the income tax rates applicable in the year in which the tax liability arose.

4.2. Balance sheet

4.2.1. Intangible fixed assets are property rights that may be used economically, with an expected economic useful life of more than a year, held for use for the Company's needs. They are stated at acquisition cost or cost of production for development work, less accumulated amortization and permanent impairment losses.

Intangible fixed assets include in particular

- costs of research and development completed with a positive outcome that will be used in production,
- acquired goodwill,
- copyrights, neighboring rights, licenses, concessions,
- rights to inventions, patents, trademarks, utility models,
- know-how

  Intangible fixed assets are amortized using the straight-line method in the period of their expected economic usefulness, using the following rates:

- costs of completed research and development	20%,
- acquired goodwill	20%,
- copyrights, licenses, concessions, trade marks	50%,
- computer software	50%,
- other intangible fixed assets	20%,
- intangible fixed assets with an initial per-item value of no more than 3,5 thousand zł – amortized on a one-off basis.	

If the economic useful life of the results of research and development work cannot be estimated reliably, the amortization period does not exceed 5 years.

4.2.2. Fixed assets are tangible fixed assets and their equivalents with expected economic useful lives of more than one year, which are complete and may be used for the Company's purposes. They are stated at acquisition cost, cost of production or revalued amount (after revaluation of assets), less accumulated depreciation and permanent impairment losses.

The acquisition cost and cost of production of fixed assets includes all the costs incurred by the Company for the period of their construction, assembly, adaptation and improvement up to the date on which they are taken over for use.

The acquisition cost or the cost of production of fixed assets includes the costs of the liabilities taken out in order to finance them and the related foreign exchange differences. The costs of the liabilities are decreased by the related revenue.

In accordance with the Accounting Act, the opening value and accumulated depreciation of fixed assets may, based on separate regulations, be subject to revaluation. The net book value of a fixed asset determined as a result of its revaluation should be no higher than its actual value, the writing down of which in the expected period of its further use is economically justified. The most recent revaluation of fixed assets was conducted using the rates announced by the Main Statistical Office (GUS) as at 1 January 1995.

The initial value of a fixed asset, constituting its acquisition cost or cost of production, is increased by the costs of improvements made to the asset, consisting of its reconstruction, expansion or modernization, resulting in its value in use after the improvements being higher than its initial value in use.

Used by the Company for tax purposes are the depreciation rates set forth in the Corporate Income Tax Act dated 15 February 1992, defining the value of tax-deductible depreciation.

Assets with expected useful lives of no more than one year or initial values of no more than 3.5 thousand zł are written off at the moment at which they are given over for use.

Fixed assets are depreciated using the straight-line method starting from the month following the month in which they were taken over for use, in the period corresponding to the estimated period of their economic usefulness.

The following depreciation rates are used:

- buildings and constructions	2,5%; 10%,
- plant and equipment, (excluding computer hardware)	10%;14%;18%,
- computer hardware,	30%,
- vehicles,	14%,20%,
- other fixed assets.	20%.

The Company has fixed assets used on the basis of finance leases. The Company uses the following method of splitting costs into principal and interest charges for leased fixed assets:

The splitting of leasing costs into principal and interest charges results from invoices from the lessor, where the lease rent is presented.

4.2.3. Fixed assets under construction are stated at the total costs directly associated with their acquisition or production, less permanent impairment. Included in the acquisition cost or cost of production of fixed assets under construction are the costs of liabilities taken out to finance them along with the related foreign exchange differences, less the resulting revenue.

Service costs are reduced by the related revenues.

4.2.4. Tangible components of current assets are stated at acquisition cost or cost of production no higher than their net realizable price as at the balance sheet date.

Individual groups of inventory are valued as follows:

Raw materials	acquisition cost
Semi-finished products and work in progress	cost of production
Finished products	cost of production
Goods for resale	acquisition cost

Costs of production do not include the following costs:

- arising out of unused production capacity and production losses,
- general administrative costs not associated with bringing the product to the form and place in which it occurs on the valuation date,

- costs of storing finished products and semi-finished products, unless such costs are a part of the production process,
- costs of sales.

In situations justified by the necessity to prepare goods for resale or products for sale, or by a long production process, the acquisition price or production cost is increased by the costs of the liabilities taken out in order to finance the inventory of goods for resale or finished products in the period in which they were being prepared for sale or manufactured, and the related foreign exchange differences, less the related revenue.

Revaluation write-downs of tangible components of current assets made due to their impairment or resulting from their valuation to net realizable prices reduce the value of the items in the balance sheet and are recorded under other operating costs.

Inventory outflow valuation methods:

- assuming that the outflow of asset components is stated consecutively at the prices (costs) of the asset components acquired (produced) first (FIFO),

4.2.5. **Receivables** are stated at amounts due, in accordance with the prudence principle (less revaluation write-downs).

Receivables expressed in foreign currencies are stated as at the balance sheet at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences on receivables expressed in foreign currencies arising on the valuation and payment date are included in, respectively: foreign exchange losses in financial costs, foreign exchange gains in financial revenue. In justified cases they are included in the costs of finished products, services and goods for resale, as well as in the costs of tangible or intangible fixed assets (as an increase or a reduction of such costs, respectively).

4.2.6. **Cash and cash equivalents** are stated at nominal value.

Cash and cash equivalents expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

4.2.7. **Prepaid expenses** are recognized when the costs incurred relate to future reporting periods.

This item includes the surplus of the costs that have been recorded over the costs that have been invoiced in connection with the realization of long-term contracts: insurance policies, subscriptions, subscriptions andtime licenses of computer software.

4.2.8. **Unpaid share capital** consists of capital contributions that have been declared but not yet made. They are recognized at the value specified in the Company's articles of association/statute.

4.2.9. **Treasury (own) shares are assets acquired from the shareholders for the purpose of redemption or sale.** They are recognized at acquisition cost.

4.2.10. **Equity** is recognized in the books of account at nominal value by type and in accordance with the provisions of the law and the Company's articles of association/statute.

The Company's **share capital** is listed at the amount specified in the articles of association or statute and entered in the court register.

Reserve capital is formed from the distribution of profits, transfers from the revaluation reserve and share premium reduced by the costs of share issues. The remaining costs of share issues are recorded as financial costs.

Revaluation reserve is a fund created as a result of fixed asset revaluations; the most recent revaluation was conducted as at 1 January 1995. When assets are sold or liquidated, a corresponding part of the revaluation reserve is transferred to the reserve capital. A write-down relating to permanent impairment in the value of assets, which was previously subject to revaluation, reduces the revaluation reserve to the extent to which it corresponds to that fixed asset.

The revaluation reserve is also increased by the effects of revaluating investments included in fixed assets, whereby the value of the investments is increased to their market value. Any decreases in the value of the investments previously revalued to the amount by which the revaluation reserve was increased reduce the value of the revaluation reserve, providing that the revaluation difference had not been settled by the valuation date. The portion of the effects of decreases in the value of investments that exceeds the previously formed portion of the revaluation reserve are included in the financial costs of the reporting period.

4.2.11. **Provisions** are liabilities whose due date or amount are uncertain. Provisions are formed in accordance with a legal or customarily expected obligations, i.e. when there is a high probability that the entity will have to meet its obligations, and the costs or losses that will need to be incurred to meet the obligations are material to such an extent that failure to include them in the financial result of the period in which the obligation arose would result in a material misstatement of the Company's financial position and financial result.

Provisions are included, respectively, in other operating costs or financial costs, depending on the circumstances to which the future liabilities pertain.

4.2.12. **Liabilities** are stated as at the balance sheet date at amounts due, with the exception of liabilities, which in accordance with concluded agreements, are paid through the issue of financial assets other than cash or exchange to financial instruments – which are stated at fair value.

Liabilities with due dates of more than 1 year from the balance sheet date, with the exception of trade payables, are listed under long-term liabilities. The remaining liabilities are listed as short-term.

Liabilities expressed in foreign currencies are stated as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences relating to liabilities expressed in foreign currencies arising as at the valuation and payment date are listed as: foreign exchange losses as financial costs, and foreign exchange gains as financial revenue. In justified cases they are included in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

4.2.13. **Other accruals**

a) Accrued expenses are recognized at the value of the probable liabilities corresponding to the current reporting period.
These are:
- reserve for employee leaves
- reserve for labor costs of an employee from the Group
- reserve for auditing of financial statements

b) Deferred income, recognized in accordance with the prudence principle, includes in particular:

  - funds received in order to finance the acquisition or production of fixed assets, including assets under construction and research and development work, if in accordance with other regulations they do not increase the Company's equity. The amounts included in deferred income gradually increase other operating revenue, parallel to depreciation/amortization and accumulated depreciation/amortization of fixed assets or research and development financed from those sources,

  - negative goodwill,

  - the equivalent of the funds received or due from contractors for services that will be performed in future reporting periods. Advances received for the delivery of services are presented in the balance sheet under "short-term liabilities to other parties – advances for deliveries".

4.2.14. Valuation of foreign currency transactions

Economic transactions expressed in foreign currencies are recognized in the books of account as at the date of the transaction at the following rate:

1) the foreign exchange rate actually applied on that day, which arises out of the nature of the transaction – with respect to foreign currency sale or purchase transactions and with respect to payments of receivables and payables;

2) the average exchange rate announced by the National Bank of Poland for the day preceding the transaction – with respect to payments of receivables or payables, if the application of the actual exchange rate referred to in point 1 is not justified, and with respect to other transactions.

The following items expressed in foreign currencies are valued as at the balance sheet date:

1) assets (with the exception of shares in subordinated entities valued by equity accounting) and liabilities – at the average exchange rate binding on that day as announced for a given currency by the National Bank of Poland, subject to point 2;

2) cash at entities that buy and sell foreign currencies – at the rate applied at its purchase, no higher however than the average exchange rate announced for the day of the valuation by the National Bank of Poland.

Foreign exchange differences relating to other assets and liabilities expressed in foreign currencies arising as at their valuation and payment date are included in financial revenue or expenses, and in justified cases - in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

4.3. Financial risk factors and financial risk management – notes to the financial statements

The Company's activities are exposed to the following types of financial risk:

- market risk, including currency risk, interest rate risk and other pricing risk,
- loss of liquidity risk,
- credit risk.

Currency risk

The Company is exposed to changes in foreign exchange rates due to significant sales – 99% in foreign currencies. The Company's currency risk is associated primarily with changes in the DKK and EUR exchange rates. Its exposure to risks associated with other currencies is immaterial.

The entity does not manage currency risk.
The Company permits the use of the following types of instruments:
• forwards,
• options,

Interest rate risk

The Company has credit and loan payables where interest is calculated based on variable and fixed interest rates. Their value is irrelevant from the point of view of exposure to interest rate risk.

Other pricing risk

The Company is not exposed to significant other pricing risk associated with financial instruments, but there is a pricing risk relating to the prices of the Company's products and raw materials. The Company does not use derivative hedging instruments with regard to pricing risk.

Loss of liquidity risk

The Company is exposed to loss of liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The Company limits its loss of liquidity risk using primarily external financing (Danstoker A/S).

Credit risk

The Company is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Company to incur losses. The Company undertakes activities aimed at limiting credit risk, consisting of: securing collateral - prepayments, receivables insurances.

Ostrowiec Świętokrzyski, 20.04.2018

Management Board

Jan Enemark, President of the Management Board	Piotr Cynkier, person in charge of the books of account

Hemant Prabhakar Mohgaonkar, Board member

Grzegorz Borkowski, Chief Operating Officer

DANSTOKER POLAND SP. ZO.O.

BALANCE SHEET as at 31.12.2017

ASSETS	Note No	31 DEC 2017 PLN	31 DEC 2017 Rs Lacs
A. NON-CURRENT ASSETS		**2,70,27,717**	**4,955.42**
I. Intangible fixed assets		**-**	**-**
1. Costs of completed research and development		-	-
2. Goodwill		-	-
3. Other intangible fixed assets		-	-
4. Advances for intangible fixed assets		-	-
II. Tangible fixed assets		**2,68,88,482**	**4,929.90**
1. Fixed assets		**2,68,88,482**	**4,929.90**
a) land (of which in perpetual usufruct)	32	**15,68,582**	**287.59**
b) buildings and constructions	32	**2,04,59,884**	**3,751.24**
c) plant and equipment	32	**43,02,103**	**788.77**
d) vehicles	32	**2,96,259**	**54.32**
e) other fixed assets	32	**2,61,655**	**47.97**
2. Fixed assets under construction		-	-
3. Advances for fixed assets under construction		-	-
III. Long-term receivables		**-**	**-**
1. From related parties	6	-	-
2. From other parties in which the company has invested capital	6	-	-
3. From other parties	6	-	-
IV. Long-term investments		**-**	**-**
1. Real properties		-	-
2. Intangible fixed assets		-	-
3. Long-term financial assets		-	-
a) in related parties		-	-
– shares or stock		-	-
– other securities		-	-
– loans		-	-
– other long-term financial assets		-	-
b) in other parties in which the company has invested capital		-	-
– shares or stock		-	-
– other securities		-	-
– loans		-	-
– other long-term financial assets		-	-
c) in other parties		-	-
– shares or stock		-	-
– other securities		-	-
– loans		-	-
– other long-term financial assets		-	-
4. Other long-term investments		-	-
V. Long-term prepayments		**1,39,235**	**25.53**
1. Deferred income tax assets	31	**1,39,235**	**25.53**
2. Other prepayments	31	-	-
B. CURRENT ASSETS		**23,87,380**	**437.72**
I. Inventory		**8,80,382**	**161.41**
1. Raw materials	34	**2,95,337**	**54.15**
2. Semi-finished products and work in progress	34	**5,62,704**	**103.17**
– of which constructions in progress		-	-
3. Finished products	34	-	-
4. Goods for resale	34	-	-
5. Advances for supplies and services	34	**22,341**	**4.10**
II. Short-term receivables		**8,94,582**	**164.02**
1. Receivables from related parties		**1,67,802**	**30.77**
a) trade receivables, with due dates:		**1,67,802**	**30.77**
– within 12 months	6	**1,67,802**	**30.77**
– in more than 12 months	6	-	-
b) other	6	-	-
2. Receivables from other parties in which the company has invested capital		-	-
a) trade receivables, with due dates:		-	-
– within 12 months	6	-	-

ASSETS	Note No	31 DEC 2017	
		PLN	**Rs Lacs**
– in more than 12 months	6	-	-
b) other	6	-	-
3. Receivables from other parties		**7,26,780**	**133.25**
a) trade receivables, with due dates:		**3,612**	**0.66**
– within 12 months	6	**3,612**	**0.66**
– in more than 12 months	6	-	-
b) tax, subsidy, customs, social and health insurance and other public receivables	6	**7,15,776**	**131.23**
c) other	6	**7,392**	**1.36**
d) receivables in court	6	-	-
III. Short-term investments		**4,60,098**	**84.36**
1. Short-term financial assets		**4,60,098**	**84.36**
a) in related parties		-	-
– shares or stock		-	-
– other securities		-	-
– loans		-	-
– other short-term financial assets		-	-
b) in other parties		-	-
– shares or stock		-	-
– other securities		-	-
– loans		-	-
– other short-term financial assets		-	-
c) cash and other cash assets		**4,60,098**	**84.36**
– cash in hand and at bank	1	**4,60,098**	**84.36**
– other cash	1	-	-
– other cash assets	1	-	-
2. Other short-term investments		-	-
IV. Short-term prepayments	31	**1,52,318**	**27.93**
– of which: assets from unfinished construction contracts		-	-
C. Unpaid share capital		-	-
D. Treasury (own) shares		-	-
TOTAL ASSETS		**2,94,15,096**	**5,393.14**

Exchange Rate: as at 31 Dec 17 is 1 PLN = Rs. 18.3346

DANSTOKER POLAND SP. ZO.O.

BALANCE SHEET as at 31.12.2017

LIABILITIES AND EQUITY	Note No	31 DEC 2017	
		PLN	**Rs Lacs**
A. EQUITY		**(11,40,178)**	**(209.05)**
I. Share capital	3	**5,000**	**0.92**
II. Reserve capital, of which:		-	-
– share premium		-	-
III. Revaluation reserve, of which:		-	-
– from revaluation of fair value		-	-
IV. Other reserves, of which:		-	-
– formed as per the company's statute (articles)		-	-
– for treasury (own) shares		-	-
V. Accumulated profit (loss) from previous years		-	-
VI. Net profit (loss) for the year	4	**(11,45,178)**	**(209.96)**
VII. Advanced distributions of profit made in the financial year (negative value)		-	-
B. LIABILITIES AND COST PROVISIONS		**3,05,55,274**	**5,602.19**
I. Cost provisions		**29,04,986**	**532.62**
1. Provision for deferred income tax	13	**25,85,357**	**474.01**
2. Provision for retirement and similar benefits		-	-
– long-term	13	-	-
– short-term	13	-	-
3. Other provisions		**3,19,629**	**58.60**
– long-term	13	-	-
– short-term	13	**3,19,629**	**58.60**
II. Long-term liabilities		**1,42,57,482**	**2,614.05**
1. To related parties	7	**1,42,57,482**	**2,614.05**
2. To other parties in which the company has invested capital	7	-	-
3. To other parties		-	-
a) credits and loans	7	-	-
b) debt securities	7	-	-
c) other financial liabilities	7	-	-
d) promissory notes	7	-	-
e) other	7	-	-
III. Short-term liabilities		**25,22,687**	**462.52**
1. Liabilities to related parties		**10,48,776**	**192.29**
a) trade payables with due dates:		**10,48,776**	**192.29**
– within 12 months	7	**10,48,776**	**192.29**
– in more than 12 months	7	-	-
b) other	7	-	-
2. Liabilities to other parties in which the company has invested capital		-	-
a) trade payables with due dates:		-	-
– within 12 months	7	-	-
– in more than 12 months	7	-	-
b) other	7	-	-
3. Liabilities to other parties		**14,72,462**	**269.97**
a) credits and loans	7	**1,13,867**	**20.88**
b) debt securities	7	-	-
c) other financial liabilities	7	**1,58,513**	**29.06**
d) trade payables with due dates		**4,03,254**	**73.94**
– within 12 months	7	**4,03,254**	**73.94**
– in more than 12 months	7	-	-
e) advances received for supplies and services	7	-	-
f) promissory notes	7	-	-
g) tax, customs, social and health insurance and other public payables	7	**4,69,099**	**86.01**
h) payroll	7	**3,13,802**	**57.53**
i) other	7	**13,927**	**2.55**
4. Special funds		**1,449**	**0.27**
IV. Accruals		**1,08,70,119**	**1,992.99**
1. Negative goodwill	31	**1,08,68,599**	**1,992.71**
2. Accrued construction contracts	31	-	-
3. Other accruals		**1,520**	**0.28**
– long-term	31	-	-
– short-term	31	**1,520**	**0.28**
TOTAL LIABILITIES AND EQUITY		**2,94,15,096**	**5,393.14**

PROFIT AND LOSS ACCOUNT [by nature] for 18.11.2016-31.12.2017

		Note No	18.11.2016 - 31.12.2017	
			PLN	**Rs Lacs**
A.	**Net revenue from sales and sales equivalent, of which:**		78,54,163	1,440.03
	– from related parties	14	20,77,120	380.83
	I. Net revenue from the sale of finished products	25	72,86,575	1,335.96
	II. Change in finished products (increase – positive value, decrease – negative value)	34	5,62,704	103.17
	– of which constructions in progress		-	-
	III. Cost of producing goods for the entity's own needs	26	1,775	0.33
	IV. Net revenue from the sale of goods for resale and raw materials	25	3,110	0.57
B.	**Operating costs**		94,06,464	1,724.64
	I. Depreciation	26	8,39,250	153.87
	II. Use of materials and energy	26	13,18,383	241.72
	III. Third party services	26	17,21,650	315.66
	IV. Taxes and charges, of which:	26	2,43,539	44.65
	– excise tax	26	-	-
	V. Wages and salaries	26	41,84,445	767.20
	VI. Social insurance and other employee benefits, of which:	26	9,30,227	170.55
	– retirement	26	3,67,870	67.45
	VII. Other costs by nature	26	1,66,787	30.58
	VIII. Cost of goods for resale and raw materials sold		2,184	0.40
C.	**Sales profit (loss) (A-B)**		(15,52,301)	(284.61)
D.	**Other operating revenue**		5,53,954	101.57
	I. Profit on the sale of non-financial fixed assets		143	0.03
	II. Subsidies		-	-
	III. Revaluation of non-financial assets	27	-	-
	IV. Other operating revenue	27	5,53,811	101.54
E.	**Other operating costs**		4,06,727	74.57
	I. Loss on the sale of non-financial fixed assets			-
	II. Revaluation of non-financial assets	28	1,88,265.65	34.52
	III. Other operating costs	28	2,18,461.46	40.05
F.	**Operating profit (loss) (C+D-E)**		(14,05,074.05)	(257.61)
G.	**Financial revenue**		1,37,451.77	25.20
	I. Dividends and shares in profits, of which:		-	-
	a) from related parties, of which:	29	-	-
	– in which the company has invested capital	29	-	-
	b) from other parties, of which:	29	-	-
	– in which the company has invested capital	29	-	-
	II. Interest, of which:	29	268.00	0.05
	– from related parties	29	-	-
	III. Profit on the sale of financial assets, of which:		-	-
	– in related parties		-	-
	IV. Revaluation of non-financial assets		-	-
	V. Other	29	1,37,183.77	25.15
H.	**Financial costs**		7,623.62	1.40
	I. Interest, of which	30	7,623.62	1.40
	– to related parties	30	-	-
	II. Loss on the sale of financial assets, of which:		-	-
	– in related parties		-	-
	III. Revaluation of financial assets		-	-
	IV. Other	30	-	-
I.	**Gross profit (loss) (F+G-H)**		(12,75,245.90)	(233.81)
J.	**Income tax**	10	(1,30,068.12)	(23.85)
K.	**Other taxes**		-	-
L.	**Net profit (loss) (I-J-K)**		(11,45,177.78)	(209.96)

DANSTOKER POLAND SP. ZO.O.

Statement of cash flows (PLN) (indirect method)

		Note No	18.11.2016 - 31.12.2017	
			PLN	**Rs Lacs**
A.	**Cash flows from operating activities**			
I.	**Net profit (loss)**		**(11,45,178)**	**(209.96)**
II.	**Total adjustments**		**(1,26,56,296)**	**(2,320.48)**
1.	Depreciation	RZIP_p	**8,39,250**	**153.87**
2.	Foreign exchange gains (losses)	29, 30	**(2,17,368)**	**(39.85)**
3.	Interest and shares in profits (dividends)	18	-	-
4.	Profit (loss) on investing activities		-	-
5.	Changes in provisions	18	**29,04,986**	**532.62**
6.	Changes in inventory	18	**(8,80,382)**	**(161.41)**
7.	Changes in receivables	18	**(8,94,582)**	**(164.02)**
8.	Changes in short-term liabilities, excluding credits and loans	18	**24,07,371**	**441.38**
9.	Changes in prepayments and accruals	18	**1,05,78,566**	**1,939.54**
10.	Other adjustments	18	**(2,73,94,138)**	**(5,022.61)**
III.	**Net cash flows from operating activities (I+II)**		**(1,38,01,474)**	**(2,530.45)**
B.	**Cash flows from investment activities**			
I.	Income		**2,846**	**0.52**
1.	Sale of intangible and tangible fixed assets		**2,846**	**0.52**
2.	Sale of investments in real estate and intangible fixed assets		-	-
3.	From financial assets, of which:		-	-
a)	**in related parties**		-	-
	– sale of financial assets		-	-
	– dividends and shares in profits		-	-
	– repayment of long-term loans		-	-
	– interest		-	-
	– other income from financial assets		-	-
b)	**in other parties**		-	-
	– sale of financial assets		-	-
	– dividends and shares in profits		-	-
	– repayment of long-term loans		-	-
	– interest		-	-
	– other income from financial assets		-	-
4.	Other investment income		-	-
II.	Expenses		**2,64,722**	**48.54**
1.	Acquisition of intangible and tangible fixed assets		**2,64,722**	**48.54**
2.	Investments in real estate and intangible fixed assets		-	-
3.	For financial assets, of which:		-	-
a)	in related parties		-	-
	– acquisition of financial assets		-	-
	– long-term loans		-	-
b)	in other parties		-	-
	– acquisition of financial assets		-	-
	– long-term loans		-	-
4.	Other investment expenses		-	-
III.	Net cash flows from investment activities (I-II)		**(2,61,876)**	**(48.01)**
C.	Cash flows from financing activities		-	-
I.	Income		**1,47,39,579**	**2,702.44**
1.	Net income from the issue of shares and other capital instruments as well as contributions to capital		-	-
2.	Credits and loans		**1,47,39,579**	**2,702.44**
3.	Debt securities		-	-
4.	Other financial income		-	-
II.	Expenses		**2,16,132**	**39.63**
1.	Acquisition of treasury (own) shares		-	-
2.	Dividends and other payments to shareholders		-	-
3.	Distributions of profit other than payments to shareholders		-	-
4.	Repayment of credits and loans		**2,16,132**	**39.63**
5.	Buyback of debt securities		-	-
6.	Financial liabilities		-	-
7.	Payment of finance lease payables		-	-
8.	Interest		-	-
9.	Other financial expenses		-	-
III.	Net cash flows from financing activities (I-II)		**1,45,23,448**	**2,662.82**
D.	Total net cash flows (A.III.+B.III+C.III)		**4,60,098**	**84.36**
E.	Net change in cash balances, of which:		**4,60,098**	**84.36**
	– change in cash balances relating to foreign exchange differences		-	-
F.	Cash at beginning of period		-	-
G.	Cash at end of period (F+D), of which:		**4,60,098**	**84.36**
	– restricted cash		-	-

Statement of changes in shareholders equity

	Note No	18.11.2016 - 31.12.2017	
		PLN	**Rs Lacs**
I. Equity at beginning of period (Opening Balance)			
– changes in accounting policies		-	-
– adjustment of errors		-	-
I.a. Adjusted equity at beginning of period (OB)		-	-
1. Share capital at beginning of period		-	-
1.1. Changes in share capital		**5,000**	**0.92**
a) increases relating to		**5,000**	**0.92**
– issue of shares		-	-
– raising nominal value of shares		-	-
– wniesienie kapitału zakładowego		**5,000**	**0.92**
b) decreases relating to		-	-
– redemption of shares		-	-
– decreasing nominal value of shares		-	-
– ……..		-	-
1.2. Share capital at end of period		**5,000**	**0.92**
2. Reserve capital at beginning of period		-	-
2.1. Changes in reserve capital		-	-
a) increases relating to		-	-
– share premium		-	-
– distribution of profit (statutory)		-	-
– distribution of profit (in excess of statutory minimum)		-	-
– sale or liquidation of previously revalued fixed assets – revaluation difference relating to disposed fixed assets		-	-
– ……..		-	-
b) decreases relating to		-	-
– coverage of loss		-	-
– redemption of treasury shares		-	-
– raising share capital		-	-
– ……..		-	-
2.2. Reserve capital at end of period		-	-
3. Revaluation reserve at beginning of period – changes in accounting policies		-	-
3.1. Changes in revaluation reserve		-	-
a) increases relating to		-	-
– revaluation of fixed assets		-	-
– revaluation of fair value		-	-
– decrease in provision for deferred income tax on temporary differences charged to this reserve		-	-
– revaluation of other assets		-	-
– foreign exchange differences on translation of foreign branches		-	-
– ……..		-	-
b) decreases relating to		-	-
– sale of fixed assets		-	-
– revaluation of goodwill		-	-
– increase in provision for deferred income tax on temporary differences charged to this reserve		-	-
– revaluation of other assets		-	-
– foreign exchange differences on translation of foreign branches		-	-
– ……..		-	-
3.2. Revaluation reserve at end of period		-	-
4. Other reserves at beginning of period		-	-
4.1. Changes in other reserves		-	-
a) increases relating to		-	-
– formed in accordance with company statute (articles)		-	-
– for treasury (own) shares		-	-
– …		-	-
b) decreases relating to		-	-
– coverage of accounting loss		-	-
– redemption of own shares		-	-
– increase in share capital or reserve capital		-	-

	Note No	18.11.2016 - 31.12.2017	
		PLN	**Rs Lacs**
– dividend payments		-	-
– refund of shareholder contributions		-	-
– …		-	-
4.2.Other reserves at end of period		-	-
5. Accumulated profit (loss) from previous years at beginning of period		-	-
5.1. Accumulated profit from previous years at beginning of period		-	-
– changes in accounting policies		-	-
– adjustment of errors		-	-
5.2. Adjusted accumulated profit from previous years at beginning of period		-	-
a) increases relating to		-	-
– distribution of profits from previous years		-	-
– …		-	-
b) decreases relating to		-	-
– dividend payments		-	-
– increase of share capital, reserve capital or other reserves		-	-
– coverage of loss for previous years		-	-
– redemption of shares		-	-
– …		-	-
5.3. Accumulated profit from previous years at end of period		-	-
5.4. Accumulated loss from previous years at beginning of period		-	-
– changes in accounting policies		-	-
– adjustment of errors		-	-
5.5. Adjusted accumulated loss from previous years		-	-
a) increases relating to		-	-
– transfer of loss from previous years to be covered		-	-
– loss on sale or redemption of treasury (own) shares by reducing share capital not covered with reserve capital		-	-
b) decreases relating to		-	-
– coverage of loss from previous years from profit		-	-
– coverage of loss from previous years from reserve capital and other reserves		-	-
– coverage of loss from previous years from a reduction in share capital		-	-
– coverage of loss from previous years from shareholder contributions		-	-
– …		-	-
5.6. Accumulated loss from previous years at end of period		-	-
5.7. Accumulated profit (loss) from previous years at end of period		-	-
6. Net profit/loss		**(11,45,178)**	**(209.96)**
a) net profit		-	-
b) net loss		**11,45,178**	**209.96**
c) advanced distributions of profit		-	-
II. Equity at end of period (Closing Balance)		**(11,40,178)**	**(209.05)**
III. Equity after proposed distribution of profit (coverage of loss)		-	-

Note 1

Cash and other cash assets

	31.12.2017
1. Cash in hand	1,528.16
2. Cash at bank	4,58,569.53
3. Other cash	-
4. Other cash assets	-
Total	4,60,097.69

Remarks:

Note 2

Cash and other cash assets (currency structure)

Investment type	**Amount in PLN**	**Amount in EUR**	**Translated from EUR to PLN**	**Amount in DKK**	**Translated from DKK to PLN**	**Total cash and other cash assets in PLN**
Cash in hand and at bank	4,016.10	71.99	300.26	8,13,604.64	4,55,781.33	4,60,097.69
Other cash	-	-	-	-	-	-
Other cash assets	-	-	-	-	-	-
Total	4,016.10	71.99	300.26	8,13,604.64	4,55,781.33	4,60,097.69

Remarks:

Note 3

Share capital ownership structure and number and nominal value of subscribed shares

Share capital ownership (shareholders with at least 5% of shares)	**series/issue**	**registration date**	**how covered**	**right to dividend (starting date)**	**number of shares**	**number of votes**	**share issue price**	**nominal value of shares (in PLN)**	**% of share capital***
1. Share capital (shareholder DANSTOKER A/S)	0	28-03-2017	fully covered in cash	0	100.00	100.00	50.00	5,000.00	100.00
Total					100.00	100.00	50.00	5,000.00	100.00
* % of share capital corresponds to the percent of total votes									

Remarks:

Change in share ownership based on a Share Sale Agreement dated 28 March 2017.

Note 4

Proposed distribution of profit or coverage of loss for the year

	31.12.2017
NET PROFIT/LOSS	-11,45,177.86
Reserve capital (+/-)	-
Other reserves (+/-)	-
Company Employee Social Benefits Fund	-
Shareholder dividends (interest on capital)	-
Bonuses from profit	-
Social causes	-
Reduction in share capital	-
Shareholder contributions (if provided for in the articles of association)	-
Coverage of losses from previous years	-
Coverage of losses from future profits	-11,45,177.86

* Actual distribution of profit (coverage of loss) for the previous year

Remarks:

DANSTOKER POLAND SP. ZO.O.

Note 5

Long-term liabilities – ageing

	1. To related parties	2. To related parties in which the company has invested capital	3. To other parties, of which:						Total
			" Total (a-e) "	a) credits and loans	b) debt securities	c) other financial liabilities	d) promissory notes	e) other (please specify)	
Repayment period									
up to 1 year									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
from 1 to 3 years									
beginning of period	1,42,57,482.25	-	-	-	-	-	-	-	1,42,57,482.25
end of period	-	-	-	-	-	-	-	-	-
from 3 to 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
more than 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
Total									
beginning of period	1,42,57,482.25	-	-	-	-	-	-	-	1,42,57,482.25
end of period	-	-	-	-	-	-	-	-	-

Remarks:

Note 6

Breakdown of balance sheet assets

	Gross amount in the financial year	Revaluation write downs	Gross amount in the previous year	Revaluation write downs
1. Receivables from related parties	1,67,802.31	-	-	-
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	1,67,802.31	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	1,67,802.31	-	-	-
– within 12 months	1,67,802.31	-	-	-
– in more than 12 months	-	-	-	-
– other receivables	-	-	-	-
2. Receivables from other parties in which the company has invested capital	-	-	-	-
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	-	-	-	-
– within 12 months	-	-	-	-
– in more than 12 months	-	-	-	-
– other receivables	-	-	-	-
3. Receivables from other parties	9,15,045.34	1,88,265.65	-	-
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-

– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	9,15,045.34	1,88,265.65	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	1,91,877.42	1,88,265.65	-	-
– within 12 months	1,91,877.42	1,88,265.65	-	-
– in more than 12 months	-	-	-	-
– tax, subsidy, customs, social and health insurance and other public receivables	7,15,775.92	-	-	-
– other receivables	7,392.00	-	-	-
– receivables in court	-	-	-	-

Remarks:

Note7

Breakdown of balance sheet liabilities

Item	Amount in the financial year
1. Liabilities to related parties	1,53,06,258.56
a) long-term	1,42,57,482.25
– credits and loans	1,42,57,482.25
– debt securities	-
– other financial liabilities	-
– promissory notes	-
– other	-
b) short-term	10,48,776.31
– credits and loans	-
– debt securities	-
– other financial liabilities	-
– promissory notes	-
– trade payables with due dates	10,48,776.31
– within 12 months	10,48,776.31
– in more than 12 months	-
– other	-
2. Liabilities to other parties in which the company has invested capital	-
a) long-term	-
– credits and loans	-
– debt securities	-
– other financial liabilities	-
– promissory notes	-
– other	-
b) short-term	-
– credits and loans	-
– debt securities	-
– other financial liabilities	-
– promissory notes	-
– trade payables with due dates	-
– within 12 months	-
– in more than 12 months	-
– other	-
3. Liabilities to other parties	14,72,461.81
a) long-term	-
– credits and loans	-
– debt securities	-
– other financial liabilities	-
– promissory notes	-
– other	-
b) short-term	14,72,461.81
– credits and loans	1,13,867.00
– debt securities	-

– other financial liabilities	1,58,512.98
– trade payables with due dates	4,03,254.41
– within 12 months	4,03,254.41
– in more than 12 months	-
– advances received for deliveries	-
– promissory notes	-
– tax, subsidy, customs, social and health insurance and other public payables	4,69,098.90
– payroll	3,13,801.57
– other	13,926.95

Remarks:

Note 8

Contingent liabilities to other parties (by title)

	Nature and form of collateral for individual contingent liabilities	**Indications of uncertainty as to the amount of payment date and as to the ability to obtain refunds**	**Liability in the financial year**	**Liability in the previous year**	**Information reflecting the link between a provision and a contingent liability, if such link exists.**
lease agreement 68513 Prime Car Management S.A. (passenger car)	blank promissory note		1,10,563.34		
lease agreement 68965 Prime Car Management S.A. (passenger car)	blank promissory note		47,188.60	-	
assignment of right to take over debt to lease agreement 60884 Prime Car Management S.A. (passenger car)	blank promissory note		49,394.63	-	
assignment of lease agreement 312294 Deutsche Leasing (ESAB welding robot)	blank promissory note		1,20,866.25	-	
assignment of lease agreement 312347 Deutsche Leasing (MG-Hezinger 3hydraulic sheet metal rolling machine)	blank promissory note		37,646.73	-	
assignment of debt to loan agreement 454/16 Wojewódzki Fundusz Ochrony Środowiska (photovoltaic system installation)	blank promissory note, declaration of submission to execution		1,13,867.00	-	
Total			4,79,526.55	-	

Remarks:

Note 9

Provisions for doubtful debts

Type of receivable	**Changes in provisions during the financial year**				
	Opening balance	**Increases**	**Use**	**Releases**	**Closing balance**
write down of receivable from WEISS A/S Denmark	-	1,88,265.65	-	-	1,88,265.65
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Remarks:

Note 10

Settlement of main items differentiating income tax base from gross financial result (profit, loss)

	18.11.2016-31.12.2017
Gross PROFIT/LOSS	-12,75,245.98
Non-tax deductible costs	22,50,888.52
– provision for doubtful debts	1,88,265.65
– revaluation of inventory	-
– cost provision	1,80,339.57
– unpaid wages and salaries	-
– unpaid ZUS premiums	1,53,904.05
– foreign exchange difference	9,526.77

– penalty interest to state budget	97.00
– vehicle usage costs	181.27
– interest payable	166.22
– PFRON premiums	17,344.00
– debts written off as expired	1,39,289.15
– contractual penalties and damage compensation	-
– donations	-
– interest limited by so-called “thin capitalization”	-
– membership fees	576.87
– costs of representation	27,331.06
– non-tax deductible costs - april 2017	6,50,228.54
– accounting depreciation	8,37,474.75
– not paid delegations	9,969.12
– other non-tax deductible costs	36,194.50
Non-accounting taxable costs	5,30,648.26
– interest paid	-
– reversal of tax correction (30 days)	-
– tax depreciation	4,03,078.81
– leasing instalements	1,27,569.45
Non-taxable accounting revenue	7,51,599.16
– excess of revenue accrued over revenue invoiced	-
– release of provision for doubtful debts	2,49,962.27
– unrealized foreign exchange differences	2,22,656.75
– dividends	-
– returned statutory interest	-
– accrued interest	-
– bedwill writes off	2,78,682.00
– other	298.14
Non-accounting taxable revenue	-
– interest received	-
Income deductions	-
– donations	-
– 50% of loss for the year	-
Tax base	-3,06,605.00
Current income tax, of which:	-
– income tax on discontinued operations	-
Tax deducted by payer from paid out dividend	-
Change in deferred income tax assets	91,742.00
Change in provisions for deferred income tax	-38,326.12
Tax liability listed in the profit and loss account	-1,30,068.12

Remarks:

Note 11

Change in deferred income tax assets

	18.11.2016-31.12.2017
1. Deferred income tax assets at beginning of period, of which:	47,493.00
a) charged to financial result at net amount	-
– gross amount	-
– revaluation	-
b) charged to equity	-
– gross amount	-
– revaluation	-
c) charged to goodwill or negative goodwill	47,493.00
– gross amount	47,493.00
– revaluation	-
2. Increases	1,86,728.00
a) charged to financial result for the period in connection with negative temporary differences	1,27,668.00
– inventory write down	-
– other provisoin change	-

– provision for jubilee bonuses	-
– revaluation of finished products	-
– provision for costs of third party services	34,265.00
– provision for unused holidays	26,465.00
– not paid ZUS	29,242.00
– bed debts	35,770.00
– other	1,926.00
b) charged to financial result for the period in connection with tax loss (relating to)	59,060.00
– net loss 2017	59,060.00
– revaluation of deferred income tax assets	-
3. Decreases	47,493.00
a) charged to financial result for the period in connection with negative temporary differences (relating to)	47,493.00
– provision change for unused hllidays and ZFSS	47,493.00
4. Total deferred income tax assets at end of period, of which:	1,39,235.00
a) charged to financial result	1,39,235.00
– gross amount	1,39,235.00
– revaluation	-
b) charged to equity	-
– gross amount	-
– revaluation	-
c) charged to goodwill or negative goodwill	-
– gross amount	-
– revaluation	-
5. Presumable value of deferred income tax assets associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (points 16.8. and 16.12. PAS 2). In this case, information is also given about the value of temporary differences relating to these investments.	-
6. Reasons for which the company has not revalued its deferred income tax assets	-
7. Total amount of temporary differences relating to investments, for which no provisions for deferred income tax have been formed, of which:	-
– in subordinated entities	-
– in branches	-
– in joint ventures	-

Note 12

Change in provision for deferred income tax

	18.11.2016-31.12.2017
1. Provision for deferred income tax at beginning of period, of which:	26,23,683.12
a) charged to financial result	-
b) charged to equity	-
c) charged to goodwill or negative goodwill	26,23,683.12
2. Increases	41,300.00
a) charged to financial result for the period due to positive temporary differences (relating to)	41,300.00
– exchange rates	41,300.00
– fixed asstes value diffrences (accounting vs tax)	-
b) charged to equity due to positive temporary differences (relating to)	-
c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	-
– fixed asstes value diffrences	-
3. Decreases	79,626.12
a) charged to financial result for the period due to positive temporary differences (relating to)	79,626.12
– fixed asstes value diffrences (accounting vs tax)	79,626.12
b) charged to equity due to positive temporary differences (relating to)	-
c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	-
4. Total provision for deferred income tax at end of period, of which:	25,85,357.00
a) charged to financial result	-38,326.12
b) charged to equity	-
c) charged to goodwill or negative goodwill	26,23,683.12
5. Presumable value of provisions for deferred income tax associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (point 16.8. and 16.12. PAS 2). In this case, information is also given about the value of temporary differences relating to these investments.	-

Note 13

Provisions

	Opening balance	Increases	Use	Releases	Closing balance
1. For deferred income tax	-	26,64,983.12	0.00	79,626.12	25,85,357.00
2. For retirement and similar benefits, of which:	-	-	-	-	-
a) long-term	-	-	-	-	-
b) short-term	-	-	-	-	-
3. Other provisions, of which:	-	6,15,889.61	33,793.02	2,62,467.87	3,19,628.72
a) long-term	-	-	-	-	-
b) short-term	-	6,15,889.61	33,793.02	2,62,467.87	3,19,628.72
– provision for unused annual leave	-	4,01,757.02	-	2,62,467.87	1,39,289.15
– provision for Company Social Benefits Fund	-	33,793.02	33,793.02	-	
– un-invoiced costs of current period (consulting services+provision for audit costs)	-	1,80,339.57	-	-	1,80,339.57
Total	-	32,80,872.73	33,793.02	3,42,093.99	29,04,985.72

Note 14

Information about transactions with related parties

Transaction description	Company name	18.11.2016-31.12.2017
Sale of finished products	Boilerworks A/S	4,40,120.00
Sale of services	Boilerworks A/S	1,36,572.00
Sale of goods for resale	Boilerworks A/S	553.00
Total:		5,77,245.00
		-
Sale of finished products	Danstoker A/S	10,51,950.00
Sale of services	Danstoker A/S	4,47,925.00
Total:		14,99,875.00
		-
Purchase of raw materials	Danstoker A/S	2,90,935.13
Recharged costs	Danstoker A/S	7,81,735.74
Total:		10,72,670.87

Note 15

Information about the entity preparing the consolidated financial statements at the highest level of the group in which the company is a subsidiary

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Ltd., Pune, India	"Thermax Limited D-13, MIDC Industrial Area R D Aga Road, Chinchwad, Pune 411019; www.thermaxglobal.com"

Note 16

Information about the entity preparing the consolidated financial statements at the lowest level of the group in which the company is a subsidiary

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Denmark ApS, Herning, Denmark	"Danstoker A/S Industrivej Nord 13 7400 Herning DENMARK; www.cvr.dk"

Note 17

Exchange rates used to value financial statements items expressed in foreign currencies

Currency	**Exchange rate for the reporting period**
Euro	4.1709
USD	3.4813
GBP	4.7001
DKK	0.5602

Note 18

Breakdown of cash for the statement of cash flows

Item A.II.3. Interest and shares in profits (dividends)	18.11.2016-31.12.2017
Interest on deposits in excess of 3 months	-
Interest on loans	-
Interest on credits	-

Dividends received and booked	-
Dividends paid and booked	-
Other interest	-
Total interest	-
Item A.II.5. Changes in cost provisions	18.11.2016-31.12.2017
Provision for deferred income tax	25,85,357.00
Provision for retirement and similar benefits	-
Other provisions	3,19,628.72
Total	29,04,985.72
Change in value	29,04,985.72
Item A.II.6. Changes in inventory	18.11.2016-31.12.2017
Total inventory	8,80,382.16
Purchase costs	-
Revaluation	-
Total	8,80,382.16
Change in value, of which:	-8,80,382.16
Change in the value of a non-cash contribution received(-)/made(+) in the form of current assets (inventory)	-
Item A.II.7. Changes in receivables	18.11.2016-31.12.2017
Long-term receivables	-
Short-term receivables from related parties	1,67,802.31
Short-term receivables from other parties in which the company has invested capital	-
Short-term receivables from other parties	7,26,779.69
Total receivables	8,94,582.00
Change in receivables	-8,94,582.00
Item A.II.8. Change in short-term liabilities, excluding credits and loans	18.11.2016-31.12.2017
Short-term liabilities to related parties	10,48,776.31
Short-term liabilities to other parties in which the company has invested capital	-
Short-term liabilities to other parties	14,72,461.81
Special funds	-
Total liabilities, of which:	25,21,238.12
Liabilities relating to the purchase of tangible and intangible fixed assets	-
Liabilities relating to investments in real estate and intangibles	-
Other liabilities relating to investment activities	-
Total liabilities relating to investment activities	-
Liabilities relating to the purchase of treasury (own) shares	-
Liabilities relating to dividends and other payments to shareholders	-
Liabilities relating to the distribution of profit, other than payments to shareholders	-
Liabilities relating to debt securities	-
Other financial liabilities	-
Liabilities relating to finance lease agreements	-
Liabilities relating to credits and loans	1,13,867.00
Total liabilities from financing activities	1,13,867.00
Liabilities relating to income tax charged directly to equity	-
Liabilities relating to operating activities	24,07,371.12
Change in liabilities	24,07,371.12
Item A.II.9. Change in prepayments and accruals	18.11.2016-31.12.2017
Long-term prepayments	1,39,234.75
Short-term prepayments	1,52,317.76
Total	2,91,552.51
1. Change in value	-2,91,552.51
Negative goodwill	1,08,68,599.00
Long-term accruals	-
Short-term accruals	1,520.00
Total	1,08,70,119.00
2. Change in value	1,08,70,119.00
Total change in prepayments and accruals (1+2)	1,05,78,566.49

Item A. II. 10. Other adjustments	18.11.2016-31.12.2017
Non-financial losses caused by accidental events to investment activity items (plus)	-
Net write downs relating to impairment of value, adjusting the value of fixed assets and short-term financial assets (plus or minus)	-
Cancellation of credits and loans taken out (minus)	-
Cancellation of long-term loans (plus)	-
Write off of fixed assets under construction which gave no economic effect	-
Liquidation of fixed assets	29,124.36
Other	-2,74,23,261.95
Total	-2,73,94,137.59
Change in value	-2,73,94,137.59

Item E. Net change in cash balances	**18.11.2016-31.12.2017**
Cash in hand	1,528.16
Cash at bank	4,58,569.53
Bank deposits for up to 3 months	-
Cash equivalents, of which:	-
– checks	-
– promissory notes	-
– other	-
Total cash and cash equivalents	4,60,097.69
Change in cash and cash equivalents	4,60,097.69
Balance sheet valuation of cash	-
Change in cash relating to foreign exchange differences	-
Restricted cash	-

Explanation of differences in cash recognized in the balance sheet and the statement of cash flows:

Remarks:

Item A.II.10. Other adjustments - other: 27.492.134,66 - acquisition cost of fixed assets from an organized part of a Weiss Polska Sp z o.o. business

Note 19

Nature and economic objective of concluded agreements not included in the balance sheet to the extent necessary to assess their effect on the company's financial position and financial result

Description	**Value of agreement**
	-
	-
	-

Note 20

Average employment in the financial year by occupational group

	Average number of employees in the financial year
Total, of which:	85.38
– white collar (in non-labor positions)	33.98
– blue collar (in labor positions)	51.40
– apprentices	-
– home-based workers	-
– employees on parental or unpaid leave	-

Note 21

Remuneration due or paid out to members of the company's management, supervisory and administrative organs for the financial year

Remuneration	18.11.2016-31.12.2017
I. Paid out or due to members of management organs, of which:	-
1. remuneration	-
2. bonuses and profit-based remuneration	-
II. Paid out or due to members of supervisory organs, of which:	-
1. remuneration	-
2. bonuses and profit-based remuneration	-
III. Paid out or due to members of administrative organs, of which:	-
1. remuneration	-
2. bonuses and profit-based remuneration	-
TOTAL	-

Remarks:
Board members are not remunerated at Danstoker Poland.

Note 22
Fee to certified auditor or entity authorized to audit financial statements, paid out or due for the financial year

Item	Date of agreement relating to the reporting period	Duration of agreement relating to the reporting period	18.11.2016-31.12.2017
Not mandatory audit of financial statements			37,000.00
Other assurance services			-
Tax advisory service			-
Consolidated financial statements			-
Other services			-
Total			37,000.00

Note 23

Information about significant events that occurred after the balance sheet date and have not been included in the financial statements, and about their effect on the company's financial position and financial result

Significant subsequent events not included in the financial statements	Effect on the company's financial position and financial result

Note 24

Threats to going concern

Item	Description
Confirmation of uncertainty with regard to going concern	NO
Description of uncertainties with regard to going concern	
Information about adjustments recognized in the financial statements in connection with uncertainty relating to going concern	
Description of actions undertaken or planned to eliminate uncertainty with regard to going concern	

Remarks:
A Sales Department was formed in March, whose purpose is to realize the agreed sales budget, which will enable the Company to remain on the market without the support of its holding company. A positive financial result is planned. If the budget is not realized and problems are encountered with the payment of liabiities, the main shareholder (Danstoker A/S) will continue to maintain the Company's financial liquidity. The Company's share capital is to be raised in the 2nd half of 2018.

Note 25

Net revenue from the sale of goods for resale and finished products by type and territory

	18.11.2016-31.12.2017	
	from related parties	from other parties
1. Sale of services (by type)	5,67,523.79	51,69,510.47
– sale of services to related parties	5,67,523.79	-
– sale of services to other parties	-	51,69,510.47
2. Sale of raw materials (by type)	-	568.09
– sale of raw materials to related parties	-	-
– sale of raw materials to other parties	-	568.09
3. Sale of goods for resale (by type)	601.76	1,940.00
– sale of goods for resale to related parties	601.76	-
– sale of goods for resale to other parties	-	1,940.00
4. Sale of finished products or other services (by type)	15,08,993.58	40,546.82
– sale of finished products to related parties	15,08,993.58	-
– sale of finished products to other parties	-	40,546.82
5. Other sales revenue (by type)	-	-
TOTAL	20,77,119.13	52,12,565.38
of which:	-	-
Sale to domestic customers	27,537.09	-
– finished products/services	25,029.00	-
– goods for resale	2,508.09	-
Export sales	-	-
– finished products/services	-	-

– goods for resale	-	-
EU sales	72,62,147.42	-
– finished products/services	20,76,517.37	-
– finished products/services	51,85,028.29	-
– goods for resale	601.76	-
– goods for resale	-	-

Note 26

Costs by nature and costs of producing goods for the entity's own needs

	18.11.2016-31.12.2017
A. Cost of producing goods for the entity's own needs	1,775.33
B. Costs by nature	94,04,280.19
1. Depreciation	8,39,250.08
2. Use of materials and energy	13,18,383.06
3. Third party services	17,21,649.64
4. Taxes and charges, of which:	2,43,539.02
– excise tax	-
5. Wages and salaries	41,84,445.10
6. Social insurance and other employee benefits, of which:	9,30,226.65
– retirement	3,67,869.68
7. Other costs by nature (due to)	1,66,786.64
– business travel	86,367.51
– representation	27,994.81
– advertising	46,719.03
– other non-tax deductible costs	4,662.46
– other costs by nature	1,042.83
TOTAL	94,06,055.52

Note 27

Other operating revenue

	31.12.2017
I. Released provisions (relating to)	3,12,475.02
– amortization of negative goodwill	2,78,682.00
– reversal of Company Social Benefits Fund	33,793.02
II. Other, of which:	2,41,336.18
1) release of provisions for doubtful debts	-
2) revaluation of intangibles included in investments	-
3) revaluation of real estate included in investments	-
4) refunded costs of disputes	-
5) expired liabilities	-
7) inventory surpluses	6,851.03
8) revenue from the sale of non-financial fixed assets	-
9) sale of scrap	52,638.57
10) corrective invoices WEISS PL	1,66,596.20
11) other operating revenue	15,250.38
TOTAL other operating revenue	5,53,811.20

Remarks:

10) corrective invoices WEISS PL 166.596,2 - corrections of recharged costs incurred by the Company while using its resources. The correction occurred further to an offset of receivables from Weiss A/S (owner of Weiss PL) against liabilities to Weiss PL.

DANSTOKER POLAND SP. ZO.O.

Note 28

Other operating costs

	18.11.2016-31.12.2017
I. Provisions (relating to)	-
– …	-
II. Other, of which:	4,06,727.11
1) provision for doubtful debts	1,88,265.65
Reason formed:	-
2) revaluation of intangibles included in investments	-
Reason formed:	-
3) revaluation of real estate included in investments	-
Reason formed:	-
4) refunded costs of disputes	642.00
5) expired liabilities	-
6) accidental shortages and damage	-
7) liquidation of fixed assets	26,421.62
8) adjustment of financial result (net result for 04.2017 less reversed provision for unused annual leave)	1,07,022.17
9) other operating costs	84,375.67
TOTAL other operating costs	4,06,727.11

Remarks:

"8) adjustment of financial result relates to the net financial result for 04.2017 and reduced the acquisition cost of an organized part of an enterprise 369.490,04 and reversed the provision for unused annual leave resulting from the take over of employees resulting form the acquisition of an organized part of a business -262.467,87"

Note 29

Selected financial revenue

	18.11.2016-31.12.2017
I. Total financial revenue from dividends and shares in profits	-
a) from related parties, of which:	-
– from subsidiaries	-
– from co-subsidiaries	-
– from associates	-
– from a significant investor	-
– from a co-subsidiary's shareholder	-
– from the holding company	-
b) from other parties	-
II. Total financial revenue from interest	268.00
1) on loans	-
a) from related parties, of which:	-
– from subsidiaries	-
– from co-subsidiaries	-
– from associates	-
– from a significant investor	-
– from a co-subsidiary's shareholder	-
– from the holding company	-
b) from other parties	-
2) other interest	268.00
a) from related parties, of which:	-
– from subsidiaries	-
– from co-subsidiaries	-
– from associates	-
– from a significant investor	-
– from a co-subsidiary's shareholder	-
– from the holding company	-
b) from other parties	268.00
III. Total other financial revenue	1,37,183.77
1) foreign exchange gains	1,37,183.77
– realized	-80,183.91
– unrealized	2,17,367.68
2) released provisions (relating to)	-

– …	-
– …	-
– …	-
3) other, of which:	-
– revenue from the disposal of financial assets	-
– …	-
– …	-
– …	-

Remarks:

Note 30

Selected financial costs

	18.11.2016-31.12.2017
I. Total financial interest costs	7,623.62
1) on credits and loans	3,032.91
a) to related parties, of which:	-
– to subsidiaries	-
– to co-subsidiaries	-
– to associates	-
– to significant investor	-
– to co-subsidiary's shareholder	-
– to the holding company	-
b) to other parties	3,032.91
2) other interest	4,590.71
a) to related parties, of which:	-
– to subsidiaries	-
– to co-subsidiaries	-
– to associates	-
– to significant investor	-
– to co-subsidiary's shareholder	-
– to the holding company	-
b) to other parties	4,590.71
II. Total other financial costs	-
1) foreign exchange losses	-
– realized	-
– unrealized	-
2) provisions (relating to)	-
3) other, of which:	-
– disposal costs of financial fixed assets	-

Remarks:

Note 31

Prepayments and accruals

	31.12.2017
Long-term prepaid expenses, of which:	1,39,234.75
1. Deferred income tax assets, of which:	1,39,234.75
– from tax losses, by date on which the right to deduct loss expires	59,060.08
– in the year 2022	59,060.08
– from unaccounted tax exempt income and unaccounted tax base reductions	-
– from other negative temporary differences, of which among others (please list the greatest):	80,174.67
– unpaid social insurance (ZUS) premium	29,242.00
– provision for doubtful debts	35,770.00
– other	15,162.67
– impairment of deferred income tax assets	-
2. Total difference between the value of received financial assets and the liability due for them:	-
– credits	-
– bonds	-

– other	-
3. Other	-
Short-term prepayments, of which:	1,52,317.76
1. Personal and property insurance	37,707.56
2. Rental fees paid in advance	1,01,450.28
3. Trainings costs paid in advance	11,825.00
4. Magazine subscriptions	1,334.92
5. Annual contribution to Company Social Employee Benefits Fund	-
6. Costs of preparing and starting new production	-
7. Total difference between the value of received financial assets and the liability due for them:	-
– credits	-
– bonds	-
– other	-
8. Excess of costs incurred over costs estimated from unfinished construction contracts	-
9. Excess of revenue estimated over receivables invoiced for construction contracts	-
Accruals, of which:	1,08,70,119.00
1. Negative goodwill	1,08,68,599.00
Opening balance	1,11,47,281.00
a) increases, of which:	-
– other	-
b) decreases, of which:	2,78,682.00
– badwill writes off	2,78,682.00
– other	-
2. Other accruals, of which:	-
a) long-term, of which:	-
– other	-
b) short-term, of which:	-
– Excess of costs estimated over costs incurred for unfinished construction contracts	-
– other	-
3. Deferred income, of which:	1,520.00
a) long-term, of which:	-
– other	-
b) short-term, of which:	1,520.00
– Excess of receivables invoiced over revenue estimated from construction contracts	-
– revenue estimated and not invoiced	-
– revenue from advance invoices	1,520.00
4. Accrual of construction contracts	-

Remarks:

Note 32

Changes in tangible fixed assets

	Freehold land	Land in perpetual usufruct	Buildings and constructions and separate strata title premises and rights to premises	Plant and equipment	Vehicles	Other fixed assets	Total
Gross opening balance	-	-	-	-	-	-	-
Increases, of which:	15,68,581.55	0.00	2,08,58,864.19	46,98,770.64	3,31,145.00	2,99,495.00	2,77,56,856.38
– acquisition of an organized part of a business	15,68,581.55	0.00	2,08,58,864.19	44,49,743.92	3,31,145.00	2,83,800.00	2,74,92,134.66
– acquisition	-	-	-	2,49,026.72	-	15,695.00	2,64,721.72
– internal transfer	-	-	-	0.00	-	-	-
– other	-	-	-	0.00	-	-	-
Decreases, of which:	-	-	-	29,298.55	2,845.00	0.00	32,143.55
– liquidation	-	-	-	29,298.55	2,845.00	0.00	32,143.55
– revaluation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-

– other	-	-	-	-	-	-	-
Gross closing balance	15,68,581.55	0.00	2,08,58,864.19	46,69,472.09	3,28,300.00	2,99,495.00	2,77,24,712.83
Accumulated depreciation at beginning of period	-	-	-	-	-	-	-
Current depreciation – increases	-	-	3,98,980.56	3,70,245.85	32,183.54	37,840.13	8,39,250.08
Decreases, of which:	-	-	-	2,876.93	142.26	0.00	3,019.19
– liquidation	-	-	-	2,876.93	142.26	0.00	3,019.19
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Accumulated depreciation at end of period	-	-	3,98,980.56	3,67,368.92	32,041.28	37,840.13	8,36,230.89
Permanent impairment at beginning of period	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Permanent impairment at end of period	-	-	-	-	-	-	-
Net book value at beginning of period	-	-	-	-	-	-	-
Net book value at end of period	15,68,581.55	-	2,04,59,883.63	43,02,103.17	2,96,258.72	2,61,654.87	2,68,88,481.94
Percent used up from opening value (%)	0%	0%	2%	8%	10%	13%	3%

Remarks:

Note 33

Expenses for non-financial fixed assets incurred in the financial year and planned for the coming year

List by planned contractual repayment period	**18.11.2016-31.12.2017**
Costs incurred in period,of which:	2,64,721.72
Acquisition of intangible fixed assets	-
Acquisition of fixed assets, of which:	2,64,721.72
– for environmental protection	-
Fixed assets under construction, of which:	-
– for environmental protection	-
Investments in real estate and rights	-
Costs planned in next period, of which:	19,58,000.00
Acquisition of intangible fixed assets	-
Acquisition of fixed assets, of which:	19,58,000.00
– for environmental protection	-
Fixed assets under construction, of which:	-
– for environmental protection	-
Investments in real estate and rights	-

Remarks:

Note 34

Inventory

	31.12.2017
Raw materials	2,95,337.44
Semi-finished products and work in progress	5,62,703.59
Finished products	-
Goods for resale	-
Advances for deliveries	22,341.13
TOTAL	**8,80,382.16**

Remarks:

Note 35

Finance leases at the lessee

Item	Current value of lease fees payable in the below periods within 1 year	from 1 to 3 years	from 3 to 5 years	in more than 5 years
Deutsche Leasing	1,34,252.40	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

Remarks:

Note 36

Ownership of tangible fixed assets

	Freehold land	Land in perpetual usufruct	Buildings and constructions and separate strata title premises and rights to premises	Plant and equipment	Vehicles	Other fixed assets	Total
Tangible fixed assets	15,68,581.55	0.00	2,04,59,883.63	40,46,717.83	2,96,258.72	2,63,430.20	2,66,34,871.93
Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease agreements, of which:	-	-	-	2,53,610.01	0.00	0.00	2,53,610.01
used based on rental agreements	-	-	-	-	-	-	-
used based on tenancy agreements	-	-	-	-	-	-	-
used based on lease agreements	-	-	-	2,53,610.01	-	-	2,53,610.01
used based on other agreements	-	-	-	-	-	-	-
Total tangible fixed assets	15,68,581.55	-	2,04,59,883.63	43,00,327.84	2,96,258.72	2,63,430.20	2,68,88,481.94

Remarks:

Note 37

Ageing of short-term receivables

	Gross short-term receivables	of which: disputed receivables	Provision for doubtful debts	Net short-term receivables
1. Receivables from related parties	1,67,802.31	-	-	1,67,802.31
a) trade receivables due within 12 months	1,67,802.31	-	-	1,67,802.31
Opening balance	0.00	-	-	0.00
Closing balance, of which:	1,67,802.31	-	-	1,67,802.31
– current	1,67,802.31	-	-	1,67,802.31
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
b) trade receivables due in more than 12 months	-	-	-	-
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
c) other	-	-	-	-
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-

– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
2. Receivables from other parties	9,15,045.34	-	1,88,265.65	7,26,779.69
a) trade receivables due within 12 months	1,91,877.42	-	1,88,265.65	3,611.77
Opening balance	0.00	-	-	-
Closing balance, of which:	1,91,877.42	-	1,88,265.65	3,611.77
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	1,91,877.42	-	1,88,265.65	3,611.77
– overdue by more than 1 year	-	-	-	-
b) trade receivables due in more than 12 months	-	-	-	-
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
c) tax, subsidy and social insurance receivables	7,15,775.92	-	-	7,15,775.92
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
d) other receivables	7,392.00	-	-	7,392.00
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-
e) receivables in court	-	-	-	-
Opening balance	-	-	-	-
Closing balance, of which:	-	-	-	-
– current	-	-	-	-
– overdue by 1 month or less	-	-	-	-
– overdue by 1 to 3 months	-	-	-	-
– overdue by 3 to 6 months	-	-	-	-
– overdue by 6 months to 1 year	-	-	-	-
– overdue by more than 1 year	-	-	-	-

Remarks:

DANSTOKER POLAND SP. ZO.O.

Note 38

Short-term receivables from related parties (ownership structure)

	Gross short-term receivables	Provision for doubtful debts	Net short-term receivables
1. Trade receivables, of which from:	1,67,802.31	-	1,67,802.31
a) subsidiary companies	-	-	-
b) co-subsidiary companies	1,03,833.08	-	1,03,833.08
c) associated companies	-	-	-
d) significant investor	-	-	-
e) co-subsidiary's shareholder	-	-	-
f) holding company	63,969.23	-	63,969.23
2. Other, of which from:	-	-	-
a) subsidiary companies	-	-	-
b) co-subsidiary companies	-	-	-
c) associated companies	-	-	-
d) significant investor	-	-	-
e) co-subsidiary's shareholder	-	-	-
f) holding company	-	-	-
3. In court, of which from:	-	-	-
a) subsidiary companies	-	-	-
b) co-subsidiary companies	-	-	-
c) associated companies	-	-	-
d) significant investor	-	-	-
e) co-subsidiary's shareholder	-	-	-
f) holding company	-	-	-
Total short-term receivables from related parties	1,67,802.31	-	1,67,802.31

Remarks:

Note 39

Short-term receivables (currency structure)

	in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in DKK	Translated into PLN	Total short-term receivables in PLN
1. From related parties, of which from:	-	-	-	-	-	2,99,540.00	1,67,802.31	1,67,802.31
co-subsidiaries relating to:	-	-	-	-	-	1,85,350.00	1,03,833.08	1,03,833.08
Sale of finished products and services	-	-	-	-	-	1,85,350.00	1,03,833.08	1,03,833.08
holding company relating to:	-	-	-	-	-	1,14,190.00	63,969.23	63,969.23
Sale of finished products and services	-	-	-	-	-	1,14,190.00	63,969.23	63,969.23
2. From other parties relating to:	3,611.77	-	-	-	-	-	-	3,611.77
Sale of finished products and services	3,611.77	-	-	-	-	-	-	3,611.77

Remarks:

Note 40

Long-term liabilities to the holding company – ageing

Ageing	Credits and loans	Securities	Other financial liabilities	Finance leases	Other	Total
from 1 to 3 years						
beginning of period	1,42,57,482.25	-	-	-	-	1,42,57,482.25
end of period	-	-	-	-	-	-
from 3 to 5 years						-
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
more than 5 years						-
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
Total						-
beginning of period	1,42,57,482.25	-	-	-	-	1,42,57,482.25
end of period	-	-	-	-	-	-

Remarks:

Note 41

Long-term liabilities (currency structure)

	in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in DKK	Translated into PLN	Total long-term liabilities in PLN
1. To related parties, of which to:	-	-	-	-	-	-	-	-
subsidiaries relating to:	-	-	-	-	-	-	-	-
co-subsidiaries relating to:	-	-	-	-	-	-	-	-
associates relating to:	-	-	-	-	-	-	-	-
significant investor relating to:	-	-	-	-	-	-	-	-
co-subsidiary's shareholder relating to:	-	-	-	-	-	-	-	-
holding company relating to:	-	-	-	-	-	-	-	-
Loan	-	-	-	-	-	2,54,50,700.19	1,42,57,482.25	1,42,57,482.25
2. To other parties relating to:	-	-	-	-	-	-	-	-

Remarks:

Note 42

Short-term liabilities to holding company

	31.12.2017
1. Credits and loans, of which:	-
– with a long-term repayment period	-
– debt securities	-
– dividends	-
2. Other financial liabilities, of which:	-
3. Trade payables, with due dates:	10,48,776.31
– within 12 months	10,48,776.31
– in more than 12 months	-
4. Advances received on deliveries	-
5. Promissory notes	-
Total	10,48,776.31

Remarks:

Note 43

Short-term liabilities to other companies

	31.12.2017
1. Credits and loans, of which:	1,13,867.00
– with a long-term repayment period	1,13,867.00
– debt securities	-
– dividends	-
2. Other financial liabilities, of which:	1,58,512.98
– financial lease	1,58,512.98
3. Trade payables, with due dates:	4,03,254.41
– within 12 months	4,03,254.41
– in more than 12 months	-
4. Advances received on deliveries	4,69,098.90
5. Promissory notes	-
6. Liabilities to the state or local budget in connection with obtaining ownership title to buildings and constructions	3,13,801.57
7. Other	13,926.95
Total	14,72,461.81

Remarks:

Note 44

Short-term liabilities (currency structure)

	in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in DKK	Translated into PLN	Total short-term liabilities in PLN
1. To related parties, of which to:	-	-	-	-	-	18,72,146.23	10,48,776.31	10,48,776.31
subsidiaries relating to:	-	-	-	-	-	18,72,146.23	10,48,776.31	10,48,776.31
Trade liabilities	-	-	-	-	-	18,72,146.23	10,48,768.15	10,48,768.15
2. To other parties relating to:	3,82,943.67	4,733.28	19,742.03	121.00	568.71	-	-	4,03,254.41
Trade liabilities	3,82,943.67	4,733.28	19,742.03	121.00	568.71	-	-	4,03,254.41

Remarks:

Note 45

Short-term liabilities relating to credits and loans

Entity name	Entity registered office	Amount of credit/loan as per agreement in foreign currency	Amount of credit/loan as per agreement in PLN	Outstanding amount of credit/loan in foreign currency	Outstanding amount of credit/loan in PLN	Interest terms	Repayment date	Collateral	Other information, including on failure to repay the credit or loan, or on breaches of significant credit or loan agreement terms, with regard to which no remedial action was taken before the end of the reporting period
W F O Ś i G W Kielce	al.ks.J.Popiełuszki 41, Kielce	-	2,04,915.00	-	1,13,867.00	3%/paid quarterly	30/06/2018	blank promissory note, declaration of submission to execution from a debt purchase agreement	-
Total	-	-	2,04,915.00	-	1,13,867.00	-	-	-	-

Remarks:

NOTES

THERMAX

Sustainable Solutions
in Energy & Environment

PRINTED ON RECYCLED PAPER