Thermax Limited

Annual Report
of Subsidiary Companies
2016-2017

SUBSIDIARIES

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

Head Office

Energy House, D-II Block, Plot No. 38&39,
MIDC Area, Chinchwad, Pune - 411019

Auditors

B. K. Khare& Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10,
Prabhat Road, Pune - 411004
&
SRBC & Co. LLP, Chartered Accountants
C -401, 4th Floor, Panchshil Tech Park,
Near Don Bosco School, Yerwada,
Pune - 411006

Chief Executive Officer

Upsen Umale

Bankers

Union Bank of India
HDFC Bank Limited
State Bank of India

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty-sixth Annual Report of the company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2016-17	2015-16
Total Income	**23848.52**	33698.73
Profit before depreciation	**241.80**	57.47
Depreciation	**189.51**	98.92
Profit before tax	**52.29**	-41.45
Provision for taxation including deferred tax	**17.95**	-9.58
Profit after tax	**34.34**	-31.87

STATE OF COMPANY'S AFFAIRS

For the year under review, the company's total income is Rs. 23848.52 Lakh compared to Rs. 33698.73 Lakh in the previous year.The company's profit before tax is Rs.52.29 Lakh (previous year, Rs. -41.45 Lakh) and profit after tax of Rs. 34.34 Lakh (previous year Rs. -31.87 Lakh). The company has erected about 20840 tons (previous year 57480 tons) of boiler equipment during the year.

The company's year-end order balance is Rs.9601 Lakh, which is lower than the previous year's order balance of Rs. 13955 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.

The company's management is focusing to expand its scope of services in Balance of Plant and other process equipment construction.

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.

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 height safety awareness 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 customers for safety implementation and safe man-hours at sites.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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. As per the said policy, the company would continue its CSR initiatives through Thermax Foundation earlier known as Thermax Social Initiative Foundation (TSIF).

As part of its initiatives under CSR, the Company has donated Rs. 7.22 Lakh to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 1".

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 Audit department of the holding Company, Thermax Limited 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 at its meeting held on January 23, 2017 has approved 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

In accordance with the provisions of the Companies Act, 2013 and the company’s Articles of Association, Pravin Karve 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.

KEY MANAGERIAL PERSONNEL

Upsen Umale, Chief Executive Officer of the company is appointed as the Key Managerial Personnel in accordance with the provision of Section 203 of the Companies Act, 2013 on May 04, 2016.

BOARD MEETINGS

The Board met four times on May 04, 2016, July 28, 2016, October 20, 2016 and January 23, 2017 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.

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, 2016, July 28, 2016, October 20, 2016 and January 23, 2017. The Committee comprises 3 (Three) members, all being non-executive Directors namely Ajay Joshi (Chairman), Ashok K. Joshi and Amitabha Mukhopadhyay.

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises three members, all being non-executive Directors namely Pravin Karve (Chairman), Ajay Joshi and Ashok K. Joshi. The Committee met once during the year on January 23, 2017.

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, 2017. The Committee comprises three members namely Ashok K. Joshi (Chairman), Pravin Karve and Amitabha Mukhopadhyay.

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

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	Nil
Foreign currency outgo	195.37

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 has in place an Anti-Sexual Harassment Policy in line with the Thermax Group. The Company has not received any complaints regarding Sexual Harassment during the year.

AUDITORS

The term of M/s. B. K. Khare & Co., Chartered Accountants, the Joint Statutory Auditors expires at the ensuing Annual General Meeting.

The appointment of M/s. SRBC & Co. LLP, Chartered Accountants, as Joint Statutory Auditors for a period of five years commencing from Twenty-fourth AGM until the conclusion of Twenty-ninth AGM will require ratification by the shareholders at the ensuing AGM.Consequent upon the expiry of the term of M/s. B. K. Khare & Co., Chartered Accountants, M/s. SRBC & Co. LLP, Chartered Accountants, shall be the statutory auditors of the Company.

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 04, 2017	DIN:1806781	DIN:06714708

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. 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. 361 Lakh.

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

   Prescribed CSR Expenditure is Rs. 7.22 Lakh (2% of Rs. 361 Lakh). Amount contributed to Thermax Foundation is Rs. 7.22 Lakh.

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

   a) Total amount donated: Rs. 7.22 Lakh

   b) Total amount to be spent for the financial year: Rs. 7.22 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 30, 2017. 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.

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

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, 2017

[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	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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		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
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 (01.04.2016)					
i)	Principal Amount	693.14	1400.00	0	2093.14
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	10.96	0	10.96
Total (i+ii+iii)		**693.14**	**1410.96**	**0**	**2104.10**
Change in indebtedness during the financial year					
Addition		0	1700.00	0	1700.00
Reduction		495.42	0	0	495.42
Net Change		**-495.42**	**1700.00**	**0**	**1204.58**
Indebtedness at the end of the financial year (31.03.2017)					
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**

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) Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) 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 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	3.1	3.4	-	-	6.5
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	3.1	3.4	-	-	6.5
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	48.02
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.1
	(c) Profits in lieu of salary under section 17(3) Income taxAct, 1961	--
2.	Stock Option	--
3.	Sweat Equity	--
4.	Commission - as% of profit - Others, specify	--
5.	Others, please specify	
	Total	49.12

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 Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 1806781

Pravin Karve
Director
DIN: 06714708

Place : Pune
Date : May 04, 2017

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, 2017, 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 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, 2017, its results 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 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 17 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 Company has provided requisite disclosures in Note 11(b) to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by 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, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration
Number: 105102W

per H P Mahajani
Partner
Membership Number: 030168
Place of Signature: Pune
Date: May 4, 2017

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 Company is not in the business of sale of any goods. 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, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, sales-tax, value added 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 and value added tax 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 debited to Statement of profit and loss	352.00	AY 2004-05 to 2012-13	Income Tax Appellate Tribunal
	Disallowance of expenditure debited to Statement of profit and loss	75.08	AY 2013-14	Commissioner of Income Tax (Appeals)
	Disallowance for matters relating to withholding taxes	0.72	Various Years	Assessing Officer
Rajasthan Value Added Tax Act, 2003	Demand for value added tax	4.72	FY 2002-03	Deputy Commissioner (Appeal), Kota
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
Andhra Pradesh Value Added Tax Act, 2005	Demand for value added tax	4.47 (Net of Rs. 2.68 paid under protest)	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	President, West Bengal Sales Tax Appellate
Uttar Pradesh Value Added Tax Act, 2008	Demand for value added tax	59.57	FY 2013-14	Deputy Commissioner, Department of Commercial Taxes, Government of Uttar Pradesh
Service Tax (Finance Act, 1994	Dispute on demand for service tax on deemed material	660.36 (Net of Rs. 110.36 paid under protest)	FY 2008-09 to 2015-16	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
	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	
	Dispute regarding service tax on notice pay recovery	2.82	FY 2012-2016	Commissioner of Central Excise and Service Tax, Pune

^ 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 a financial institution, bank or government or dues to debenture holders.

(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 provisions of section 197 read with Schedule V of the Act are not applicable to the Company. Therefore, reporting under clause 3(xi) is not applicable and hence not commented upon.

(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 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, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration
Number: 105102W

per H P Mahajani
Partner
Membership Number: 030168
Place of Signature: Pune
Date: May 4, 2017

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 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, 2017 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, 2017, 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 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, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration
Number: 105102W

per H P Mahajani
Partner
Membership Number: 030168
Place of Signature: Pune
Date: May 4, 2017

Balance Sheet as at March 31, 2017

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

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	3	73.74	264.12	346.66
Intangible assets	4	0.51	0.99	1.47
Financial assets				
(a) Trade receivables	6 (a)	-	-	258.11
(b) Other financial assets	8 (a)	2.89	2.77	2.79
Deferred tax assets (net)	9 (b)	716.58	613.53	421.64
Income tax assets (net)		2,153.63	2,002.17	1,354.21
Other non-current assets	10 (a)	207.39	199.18	270.98
Total non-current assets		**3,154.74**	**3,082.76**	**2,655.86**
II. Current assets				
Financial assets				
(a) Investments	5	-	-	1,624.97
(b) Trade receivables	6 (b)	3,927.97	3,800.87	6,352.46
(c) Cash and cash equivalents	11 (a)	108.63	66.61	601.21
(d) Loans	7	70.90	69.97	62.19
(e) Other financial assets	8 (b)	5,987.45	6,897.76	900.12
Other current assets	10(b)	1,187.15	3,183.70	2,441.98
Total current assets		**11,282.10**	**14,018.91**	**11,982.93**
Total assets		**14,436.84**	**17,101.67**	**14,638.79**
Equity and liabilities				
III. Equity				
Equity share capital	12	450.00	450.00	450.00
Other equity	13	3,284.85	3,217.00	3,273.93
Total equity		**3,734.85**	**3,667.00**	**3,723.93**
IV. Non-current liabilities				
Financial liabilities	15 (a)			
(a) Trade payables		1,058.08	1,796.42	592.21
Total non-current liabilities		**1,058.08**	**1,796.42**	**592.21**
V. Current liabilities				
Financial liabilities				
(a) Borrowings	14	3,297.72	2,093.14	40.54
(b) Trade payables	15 (b)	3,935.21	6,999.85	4,553.62
(c) Other financial liabilities	16	231.56	124.40	216.77
Other current liabilities	18	1,925.95	2,029.10	5,324.12
Provisions	17	253.47	391.76	187.60
Total current liabilities		**9,643.91**	**11,638.25**	**10,322.65**
Total equity and liabilities		**14,436.84**	**17,101.67**	**14,638.79**
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	**For B. K. Khare & Co.** Chartered Accountants ICAI Firm Reg No.105102W	**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**	
per Tridevlal Khandelwal Partner Membership No. 501160	**per H. P. Mahajani** Partner Membership No. 030168	**Pravin Karve** Director DIN: 06714708	**Amitabha Mukhopadhyay** Director DIN: 01806781
Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from operations	19	23,641.78	33,627.12
Other income	20	206.74	71.61
Total Income (I)		**23,848.52**	**33,698.73**
Expenses			
Employee benefits expense	21	1,935.48	1,916.23
Finance cost	22	313.91	21.17
Depreciation and amortisation expense	23	189.51	98.92
Other expenses	24	21,357.33	31,703.86
Total expenses (II)		**23,796.23**	**33,740.18**
Profit/(Loss) before tax (I-II)		**52.29**	**(41.45)**
Tax expense			
Current tax	9 (a)	137.55	169.94
Deferred tax	9 (a)	(119.60)	(179.52)
Total tax expense		**17.95**	**(9.58)**
Profit/(Loss) for the year		**34.34**	**(31.87)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	28	50.06	(37.43)
Less: Income tax effect	9 (b)	(16.55)	12.37
Net other comprehensive income/(loss) for the year, net of tax.		**33.51**	**(25.06)**
Total comprehensive income/(loss) for the year		**67.85**	**(56.93)**
Earning/(Loss) per equity share [Nominal value per share Rs. 10/- (March 31, 2016: 10/-)] Basic and Diluted	25	**0.76**	**(0.71)**
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	**For B. K. Khare & Co.** Chartered Accountants ICAI Firm Reg No.105102W	**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**	
per Tridevlal Khandelwal Partner Membership No. 501160	**per H. P. Mahajani** Partner Membership No. 030168	**Pravin Karve** Director DIN: 06714708	**Amitabha Mukhopadhyay** Director DIN: 01806781
Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017	Place: Pune Date: May 4, 2017

Notes to financial statements for the year ended March 31, 2017

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

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 04,2017.

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 (as amended from time to time).

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, these being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided in Note 35.

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.

(c) Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101, with effect from April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in the Note 35. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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.

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.

Notes to financial statements for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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.

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 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 assest.

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.

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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 integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

De-recognition

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 year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

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.

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 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.

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

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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:

- 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 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:

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 analyses 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.

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 121.55 was outstanding at 31 March 2017 (March 31, 2016: INR 243.56; April 1, 2015: INR 67.43)

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.

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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.

3 Property, plant and equipment

Particulars	Plant and equipment	Office Equipment	Computer	Vehicles	Total
Cost as at April 1, 2015 *	**655.43**	**43.44**	**72.96**	**124.40**	**896.23**
Additions	14.96	2.75	-	-	17.71
Disposals	(44.39)	(1.24)	(7.40)	(6.64)	(59.67)
Gross carrying amount as at March 31, 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)
Gross carrying amount as at March 31, 2017	**626.90**	**45.21**	**65.56**	**87.17**	**824.84**
Accumulated depreciation *	**383.36**	**25.51**	**56.40**	**84.30**	**549.57**
Charge for the year	67.91	7.81	8.23	14.48	98.43
Disposals/Adjustments	(48.35)	(0.36)	(8.11)	(1.03)	(57.85)
Closing accumulated depreciation as at March 31, 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)
Closing accumulated depreciation as at March 31, 2017	**563.02**	**39.54**	**62.24**	**86.30**	**751.10**
Net Block March 31, 2017	**63.88**	**5.67**	**3.32**	**0.87**	**73.74**
Net Block March 31, 2016	**223.08**	**11.99**	**9.04**	**20.01**	**264.12**
Net Block April 1, 2015	**272.07**	**17.93**	**16.56**	**40.10**	**346.66**

Notes to financial statements for the year ended March 31, 2017

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

4 Intangible assets

Particulars	Computer Software
Cost as at April 1, 2015*	1.88
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2016	**1.88**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2017	**1.88**
Accumulated amortisation *	0.41
Amortisation charge for the year	0.48
Disposals	-
Closing accumulated amortisation as at March 31, 2016	**0.89**
Amortisation charge for the year	0.48
Disposals	-
Closing accumulated amortisation as at March 31, 2017	**1.37**
Net Block March 31, 2017	**0.51**
Net Block March 31, 2016	**0.99**
Net Block April 1, 2015	**1.47**

* The Company has elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per Indian GAAP and has regarded those values as the deemed cost on the date of transition. The Company has carried forward the gross block and accumulated depreciation above, for disclosure purposes only.

5 Current investments

Particulars	Face value per unit	Number of units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Investments in Mutual Funds (Unquoted) :							
Investments at Fair value through Profit and Loss							
UTI Floating Rate Fund	1,000	-	-	48,706.34	-	-	496.53
SBI Premier Liquid Fund	1,000	-	-	23,464.81	-	-	235.41
SBI Magnum Liquid Fund	1,000	-	-	39,825.96	-	-	402.21
Kotak Liquid Fund	1,000	-	-	40,138.84	-	-	490.82
Total current investments					**-**	**-**	**1,624.97**
Aggregate amount of quoted investments and market value thereof					-	-	-
Aggregate amount of unquoted investments and market value thereof					-	-	1,624.97
Aggregate amount of impairment in the value of investments					-	-	-

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 30 for determination of their fair values.

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Notes to financial statements for the year ended March 31, 2017

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

6 Trade receivables

6 (a) Non current trade receivables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Trade receivables			
(i) Receivables from related parties (note 29)	-	-	-
(ii) Others	-	-	258.11
Total receivables	**-**	**-**	**258.11**
Break-up of security details			
Unsecured, considered good	-	-	-
Doubtful	-	-	258.11
	-	**-**	**258.11**
Less: Impairment allowance (including provision for bad and doubtful debts)	-	-	-
Total	**-**	**-**	**258.11**

6 (b) Current trade receivables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables			
Receivables from related parties (note 29)	2,357.39	1,055.57	1,904.40
Others	3,059.06	3,926.68	5,470.01
Total receivables	**5,416.45**	**4,982.25**	**7,374.41**
Break-up of security details			
Unsecured, considered good	4,523.44	4,256.01	6,511.83
Doubtful	893.01	726.24	862.58
	5,416.45	**4,982.25**	**7,374.41**
Less: Impairment allowance (including provision for bad and doubtful debts)	1,488.48	1,181.38	1,021.95
Total	**3,927.97**	**3,800.87**	**6,352.46**

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 14 “Borrowings” for more details.

7 Current loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Unsecured, considered good			
Loans to staff and workers	26.80	22.92	24.15
Security deposits*	44.10	47.05	38.04
Total	**70.90**	**69.97**	**62.19**

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 counterparties.

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.

8 Other financial assets

(a) Other non current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Bank deposits with maturity of more than 12 months	2.89	2.77	2.79
Total	**2.89**	**2.77**	**2.79**

Above bank deposits are pledged as margin money.

(b) Other current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Interest accrued on fixed deposits	0.43	2.38	2.17
Unbilled revenue (note-26)	5,987.02	6,895.38	897.95
Total	**5,987.45**	**6,897.76**	**900.12**

9 (a) Income Taxes

The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss

Particulars	As at March 31, 2017	As at March 31, 2016
Current income tax charge		
Current income tax	137.55	169.94
Deferred tax		
Relating to origination and reversal of temporary differences	(119.60)	(179.52)
Income tax expense reported in the statement of profit or loss	**17.95**	**(9.58)**

Other comprehensive income

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	16.55	(12.37)
Income tax charged/(credited) to OCI	**16.55**	**(12.37)**

Notes to financial statements for the year ended March 31, 2017

(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, 2017 and March 31, 2016

Particulars	As at March 31, 2017	As at March 31, 2016
Accounting profit/(loss)before tax	52.29	(41.45)
At India's statutory income tax rate of 33.063 % (March 31, 2016: 33.063%)	17.29	(13.70)
Effects of income not subject to tax		
- Dividend income	-	(13.68)
Effects of non-deductible business expenses	6.10	15.34
Other differences - Difference between book base and tax base for various items	(5.44)	2.46
	17.95	(9.58)
Income tax expense/(income) reported in the statement of profit or loss	**17.95**	**(9.58)**

9 (b) Deferred tax

Statement of profit & loss/ other comprehensive income

Particulars	March 31, 2017	March 31, 2016
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	(42.21)	(3.23)
Gratuity	7.85	(29.12)
Leave encashment	(2.52)	-
Income computation and disclosure standards	34.60	(74.79)
40(a) Disallowance	1.49	(1.65)
Provision for doubtful debts and liquidated damages	(57.22)	32.67
43B Disallowance	1.35	(17.40)
Other provisions- ECL	(46.39)	(97.81)
Others	-	(0.56)
Deferred tax expense/(income)	**(103.05)**	**(191.89)**

Balance sheet

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax relates to the following :			
Accelerated depreciation for tax purposes	97.28	55.07	51.84
Gratuity	1.79	9.64	(19.48)
Leave encashment	2.52	-	-
Income computation and disclosure standards	40.19	74.79	-
40(a) Disallowance	0.16	1.65	-
Provision for doubtful debts and liquidated damages	322.40	265.18	297.85
43B Disallowance	55.35	56.70	39.30
Other provisions- Impairment loss	196.89	150.50	52.69
Others	-	-	(0.56)
Net deferred tax assets/ (liabilities)	**716.58**	**613.53**	**421.64**

Reconciliation of deferred tax assets (net)

	March 31, 2017	March 31, 2016
Opening balance	613.53	421.64
Tax (expense)/ income during the period recognised in profit or loss	119.60	179.52
Tax (expense)/ income during the period recognised in OCI	(16.55)	12.37
Closing balance	**716.58**	**613.53**

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.

10 Other assets

(a) Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Capital advances	-	1.68	1.68
Sales tax recoverable	97.03	97.50	110.11
Balances with government authorities	110.36	100.00	100.00
Prepaid employee benefits (note 28)	-	-	59.19
Total	**207.39**	**199.18**	**270.98**

(b) Other current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Advance to supplier	131.96	2,520.69	1,911.82
Advances to staff and workers	65.75	18.88	30.57
Prepaid expenses	10.46	10.20	20.20
Balances with government authorities	978.98	633.93	479.39
Total	**1,187.15**	**3,183.70**	**2,441.98**

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(a) Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Cash and cash equivalents			
Balances with banks			
- in current accounts	104.92	66.40	600.15
Cheques, drafts on hand	3.31	-	0.07
Cash on hand	0.40	0.21	0.99
Total	**108.63**	**66.61**	**601.21**

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

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

During the year, 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 on the details of Specified Bank Notes (SBN) 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 are given 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**

Notes to financial statements for the year ended March 31, 2017

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

* This represents amounts advanced to employees who, in their personal capacity have 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, Finance Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

12 Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorise Shares (Nos)			
10,000,000 (March 31, 2016: 10,000,000 and April 1, 2015: 10,000,000) equity shares of Rs. 10/- each	1,000.00	1,000.00	1,000.00
	1,000.00	**1,000.00**	**1,000.00**
Issued, subscribed and fully paid share capital (Nos)			
4,500,000 (March 31, 2016: 4,500,000 and April 1, 2015: 4,500,000) equity shares of Rs. 10/- each	450.00	450.00	450.00
Total issued, subscribed and fully paid-up share capital	**450.00**	**450.00**	**450.00**

(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		
As at April 1, 2015	4,500,000	450.00
Changes during the period	-	-
As at March 31, 2016	4,500,000	450.00
Changes during the period	-	-
As at March 31, 2017	**4,500,000**	**450.00**

(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, 2017	As at March 31, 2016	As at April 1, 2015
Thermax Limited			
4,500,000 (March 31, 2016: 4,500,000 and April 1, 2015: 4,500,000) equity shares of Rs. 10/- each fully paid	450.00	450.00	450.00

(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, 2017	
%	100.00
No. of shares	4,500,000
As at March 31, 2016	
%	100.00
No. of shares	4,500,000
As at April 1, 2015	
%	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.

13 Other equity

	As at March 31, 2017	As at March 31, 2016
Reserves and surplus		
General reserve	525.21	525.21
Retained earnings		
Opening balance	2,691.79	2,748.72
Add: Profit for the year	34.34	(31.87)
Total appropriations	34.34	(31.87)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain / (losses) on defined benefit plans, net of tax	33.51	(25.06)
Deferred tax charge Rs. (16.55), (March 2016 benefit Rs. 12.37)		
Net surplus in the statement of profit and loss	**2,759.64**	**2,691.79**
Total reserves and surplus	**3,284.85**	**3,217.00**

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.

14 Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Current borrowings			
Secured:			
From banks	197.72	693.14	40.54
Unsecured			
From related party	3,100.00	1,400.00	-
Total	**3,297.72**	**2,093.14**	**40.54**
Aggregate secured loans	197.72	693.14	40.54
Aggregate unsecured loans	3,100.00	1,400.00	-

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 11.90% p.a (March 31, 2016: 12.50%) and repayable on demand.

Notes to financial statements for the year ended March 31, 2017

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

The unsecured loan has been taken from Thermax Limited (holding company) at the interest rate of 10.75% p.a. (March 31, 2016: 9.30%) and repayable on demand or within six months to eleven months.

15 Trade payables

(a) Non current trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	1,058.08	1,796.42	592.21
Total	**1,058.08**	**1,796.42**	**592.21**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11.58	74.11	3.25
Total outstanding dues of creditors other than micro enterprises and small enterprises			
(i) Related Parties (note 29)	248.04	52.08	24.12
(ii) Others	3,675.59	6,873.66	4,526.25
Total	**3,935.21**	**6,999.85**	**4,553.62**

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

For terms and conditions with related parties, refer to 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, 2017	March 31, 2016	April 1, 2015
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	11.58	74.11	3.25
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	-	-	-

16 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Interest accrued but not due on loans	78.96	10.96	-
Employee related payables	152.60	113.44	216.77
Total	**231.56**	**124.40**	**216.77**

17 Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for leave encashment	126.52	118.89	120.17
Provision for gratuity (note 28)	5.40	29.31	-
	131.92	**148.20**	**120.17**
Other provisions			
Provision for onerous contracts	121.55	243.56	67.43
Total	**253.47**	**391.76**	**187.60**

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.

Movement in provisions

	Provision for onerous contracts
As at April 1, 2016	
Balance at the beginning	243.56
Additional provision recognised	88.57
Unused amounts reversed	(27.45)
Amounts used during the year	(183.13)
As at March 31, 2017	**121.55**

18 Other current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unearned revenue (note 26)	1,282.36	1,369.02	4,409.70
Customer advance (refer note 29 for related party balances)	559.28	501.12	788.78
Statutory dues and other liabilities*	84.31	158.96	125.64
Total	**1,925.95**	**2,029.10**	**5,324.12**

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

Notes to financial statements for the year ended March 31, 2017

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

19 Revenue from operations

	March 31, 2017	March 31, 2016
Sale of products and services		
Sale of services*	23,640.33	33,625.22
Other operating revenue		
Sale of scrap	-	0.08
Exchange fluctuation gain (net)	1.45	1.82
Total	**1.45**	**1.90**
Revenue from operations (net)	**23,641.78**	**33,627.12**

* Includes revenue from construction contracts of Rs. 22,795.35 (March 31, 2016: Rs 32,943.79). Refer note 26 for details.

20 Other income

	March 31, 2017	March 31, 2016
Dividend income from equity investments designated at fair value through profit and loss	-	41.38
Net gain on sale of current investments designated at fair value through profit and loss	-	2.93
Profit on sale of asset	4.93	4.80
Liabilities no longer required written back	0.45	-
Interest income	152.79	13.45
Miscellaneous income	48.57	9.05
Total	**206.74**	**71.61**

21 Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	1,708.16	1,674.17
Contribution to provident and other funds	113.07	110.74
Gratuity expense (note 28)	27.08	51.94
Staff welfare expenses	87.17	79.38
	1,935.48	**1,916.23**

22 Finance costs

	March 31, 2017	March 31, 2016
Interest expense	313.91	21.17
	313.91	**21.17**

23 Depreciation and amortization expense

	March 31, 2017	March 31, 2016
Depreciation on property, plant & equipment (note 3)	189.03	98.44
Amortization of intangible assets (note 4)	0.48	0.48
	189.51	**98.92**

24 (a) Other expenses

	March 31, 2017	March 31, 2016
Power and fuel	10.80	10.44
Rent (note 27(b))	274.31	290.72
Site expenses and contract labour charges	790.93	917.00
Erection & commissioning expenses	19,156.08	29,109.01
Advertisement and sales promotion	0.66	0.97
Rates and taxes	6.44	23.08
Insurance	6.98	10.54
Repairs and maintenance		
Building	11.81	8.88
Others	24.83	22.79
Travelling and conveyance	485.45	520.50
Legal and professional fees	44.43	87.40
Audit fees (note no 24(c))	9.60	7.17
Director sitting fees	6.50	7.90
Corporate cost allocation	56.52	71.10
Bad debts/ advances written off	10.23	252.88
Provision for impairment allowance of financial assets(net)	307.10	159.43
CSR expenditure (note 24 (b))	11.23	10.24
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	143.43	193.81
	21,357.33	**31,703.86**

24 (b) Corporate social responsibility (CSR)

	March 31, 2017	March 31, 2016
Gross amount required to be spent by the Company during the year	7.22	10.24
Total	**7.22**	**10.24**

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
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
During the year ended March 31, 2016			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	10.24	-	10.24
	10.24	**-**	**10.24**

*The amount is contributed Rs. 7.22 (March 31,2016 - Rs 10.24) to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India) (also refer note no 29 -related party) and Rs. 4.01 (March 31,2016 - Nil) to Maharashtra Drought Relief Fund.

Notes to financial statements for the year ended March 31, 2017

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

24 (c) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit and limited review fee	5.50	5.50
Tax audit fee	0.90	0.90
In other capacity		
Taxation matters	1.95	-
Other services	0.60	0.60
Reimbursement of expenses	0.65	0.17
Total	**9.60**	**7.17**

25 Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the equity shareholders of the Company	34.34	(31.87)
Weighted average number of equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share	0.76	(0.71)

26 Construction contracts

	March 31, 2017	March 31, 2016
Contract revenue recognised during the year	22,795.35	32,943.79
In respect of contracts in progress as at March 31, 2017		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	84,797.12	77,629.90

	March 31, 2017	March 31, 2016	April 1, 2015
Customer advance outstanding for contracts in progress	559.28	501.12	788.78
Retention money due from customers for contracts in progress	716.72	755.82	1,103.43
Gross amount due from customers [disclosed as unbilled revenue (Refer note 8(b))]	5,987.02	6,895.38	897.95
Gross amount due to customers [disclosed as unearned revenue (Refer note 18)]	1,282.36	1,369.02	4,409.70

27 Contingent Liabilities and commitments

A Contingent liabilities

a) Taxes

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs. 1134.91 (March 31, 2016 Rs 846.73, April 1, 2015 Rs. 548.57 ; Sales tax Rs.133.05 (March 31, 2016 Rs. 71.42, April 1, 2015 Rs. 158.04).

ii) Income tax demands disputed in appellate proceedings are Rs.218.13, (March 31, 2016 Rs. 309.84 and April 1, 2015 Rs. 173.24)

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.427.08 (March 31, 2016 Rs. 352.00 and April 1, 2015 Rs.320.48)

B Capital and other commitments

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. Nil (March 31, 2016 Rs. 1.69, April 1, 2015 Rs. 2.06)

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

b) 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:

	March 31, 2017	March 31, 2016	April 1, 2015
Lease payments for the year	274.31	290.72	NA
Within one year	-	-	-
After one year but not more than five years	-	-	-
More than five years	-	-	-

28 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 bond 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, 2015	**146.52**	**205.71**	**(59.19)**
Current service cost	29.67	-	29.67
Past service cost	25.63	-	25.63
Interest expense/(income)	13.23	(16.59)	(3.36)
Total amount recognised in Profit or Loss	**68.53**	**(16.59)**	**51.94**
Experience adjustments	21.97	-	21.97
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	14.82	-	14.82

Notes to financial statements for the year ended March 31, 2017

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Return on plan assets expense/ (income)	-	(0.64)	0.64
Total amount recognised in Other comprehensive income	**36.79**	**(0.64)**	**37.43**
Employer contributions	-	0.87	(0.87)
Benefits paid	(13.50)	(13.50)	-
March 31, 2016	**238.34**	**209.03**	**29.31**

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)
Acquisition adjustments	-	-	-
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**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	225.75	238.34	146.52
Fair value of plan assets	220.35	209.03	205.71
Plan liability/(assets)	**5.40**	**29.31**	**(59.19)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7%	8%	8%
Salary growth rate	5%	8%	7%
Expected return on plan assets	8%	8%	8%
Normal retirement age	60 years	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	6% to 14%	5% to 17%	5%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2017	March 31, 2016
Discount rate		
1.00% increase	Decrease by 14.42	Decrease by 17.83
1.00% decrease	Increase by 16.33	Increase by 21.16
Future salary increase		
1.00% increase	Increase by 15.34	Increase by 20.33
1.00% decrease	Decrease by 13.79	Decrease by 17.42
Attrition Rate		
1.00% increase	Decrease by 1.99	Decrease by 0.64
1.00% decrease	Increase by 2.25	Increase by 1.26

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, 2017	March 31, 2016
Within next 12 months	19.20	21.04
Between 2-5 years	104.90	103.28
Between 5-10 years	73.24	90.97

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2016: 8 Years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments with Insurer (LIC OF INDIA)	100.00%	100.00%	100.00%

Notes to financial statements for the year ended March 31, 2017

(All amounts are in Rupees 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:

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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
a.Transactions during the year										
Sales of products and services	10,858.01	7,381.76	-	-	-	-	-	-	**10,858.01**	**7,381.76**
Recovery of expenses	131.98	109.20	-	-	-	-	-	-	**131.98**	**109.20**
Reimbursement of expenses	83.92	106.99	10.99	0.07	-	-	-	-	**94.91**	**107.06**
Remuneration to key management personnel	50.85	49.66	-	-	-	-	-	-	**50.85**	**49.66**
Corporate social responsibility	-	-	-	-	7.22	10.24	-	-	**7.22**	**10.24**
Director's sitting fees										
- Mr. Ajay Joshi	-	-	-	-	-	-	3.10	3.80	**3.10**	**3.80**
- Mr. Ashok Joshi	-	-	-	-	-	-	3.40	4.10	**3.40**	**4.10**
Commission paid	10.55	13.74	-	-	-	-	-	-	**10.55**	**13.74**
Repair & maintenance	6.75	6.73	-	-	-	-	-	-	**6.75**	**6.73**
Corporate cost allocation	56.52	71.10	-	-	-	-	-	-	**56.52**	**71.10**
Interest expenses on intercorporate loan	286.45	10.96	-	-	-	-	-	-	**286.45**	**10.96**
Rent paid	60.96	61.11	-	-	-	-	-	-	**60.96**	**61.11**

E. Balances with related parties:

		Holding Company			Fellow subsidiary			Total		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
b. Balances as at the year end										
Trade receivables		2,357.39	1,055.57	1,904.40	-	-	-	2,357.39	1,055.57	1,904.40
Interest Accrued on intercorporate loan		78.96	10.96	-	-	-	-	78.96	10.96	-
Intercorporate loan		3,100.00	1,400.00	-	-	-	-	3,100.00	1,400.00	-
Trade advances		90.00	162.17	260.05	-	-	-	90.00	162.17	260.05
Trade payables and other liabilities		246.65	52.08	24.12	1.39	-	-	248.04	52.08	24.12

F. Commitments

Thermax Limited 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, 2017 (March 31, 2016- INR 9,000.00, April 1, 2015- INR 9,000.00).

Notes to financial statements for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

H. Terms and conditions for outstanding balances

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 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: 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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables (note 6)	3,927.97	3,800.87	6,610.57
Loans (note 7)	70.90	69.97	62.19
Other financial assets (note 8)	5,990.34	6,900.53	902.91
Cash and cash equivalents (note 11)	108.63	66.61	601.21
Total	**10,097.84**	**10,837.98**	**8,176.88**
Current assets	10,094.95	10,835.21	7,915.98
Non-current assets	2.89	2.77	260.90
Total	**10,097.84**	**10,837.98**	**8,176.88**

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

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments (note 5)	-	-	1,624.97
Total	**-**	**-**	**1,624.97**
Current assets	-	-	1,624.97
Non-current assets	-	-	-
Total	**-**	**-**	**1,624.97**

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings (note 14)	3,297.72	2,093.14	40.54
Trade payables (note 15)	4,993.29	8,796.27	5,145.83
Employee related payables (note 16)	152.60	113.44	216.77
Other liabilities (note 16)	78.96	10.96	-
Total	**8,522.57**	**11,013.81**	**5,403.14**
Current liabilities	7,464.49	9,217.39	4,810.93
Non current liabilities	1,058.08	1,796.42	592.21
Total	**8,522.57**	**11,013.81**	**5,403.14**

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

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 April 1, 2015

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds*	1 April 2015	-	1,624.97	-

* Sold in financial year 2015-16.

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 are derived 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 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 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 note 6. 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.

Notes to financial statements for the year ended March 31, 2017

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

III Liquidity risk

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

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, 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	-	-

March 31, 2016	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	2,093.14	-	-
Trade Payables	6,999.85	1,796.42	-
Other financial liabilities			
Employee related payables	113.44	-	-
Interest accrued but not due on loans	10.56	-	-

April 1, 2015	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	40.54	-	-
Trade Payables	4,553.62	592.21	-
Other financial liabilities			
Employee related payables	216.77	-	-
Interest accrued but not due on loans	-	-	-

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, 2017 and March 31, 2016. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	3,297.72	2,093.14	40.54
Trade payables	4,993.29	8,796.27	5,145.83
Less: Cash and cash equivalents	(108.63)	(66.61)	(601.21)
Net debt	8,182.38	10,822.80	4,585.16
Equity	3,734.85	3,667.00	3,723.93
Capital and net debt	**11,917.23**	**14,489.80**	**8,309.09**

33 Impact of changes in Ind AS prospectively

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share based payment'. These amendments are applicable from financial year beginning on or after April 1, 2017.

Amendment to Ind AS 7 :

The amendment in Ind AS 7 introduces an additional disclosure that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. These include changes arising from

(i) Cash flows, such as drawdowns and repayments of borrowings)

(ii) Non-cash changes (i.e. changes in fair values) , changes resulting from acquisitions and disposals of subsidiaries/businesses and the effect of foreign exchange differences. Hence, the amendment will enable the users of financial statements to better understand the changes in entity's debt.

Amendment to Ind AS 102 :

The amendment in Ind AS 102 addresses three classification and measurement issues. These relate to :-

(i) Measurement of cash-settled share-based payments that include non-market based performance condition

(ii) Modification of cash-settled arrangements to equity-settled share-based payments

(iii) Equity-settled awards that include a 'net-settlement' feature relating to tax obligations.

The amendment to Ind AS 102 with respect to cash-settled awards has most impact where an award vests (or does not vest) based on a non-marketing condition. Market-based performance conditions and non-vesting conditions are reflected in the 'fair value', but non-market performance conditions and service conditions are reflected in the estimate of number of awards expected to vest.

The amendment in Ind AS 102 is not applicable to the Company since the Company does not have any share based payment transaction.

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.

Notes to financial statements for the year ended March 31, 2017

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

35 First-time adoption

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Ind AS 101 allows first-time adopters certain exemptions/ exceptions from the retrospective application of certain requirements under Ind AS as follows:

a) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible assets under development.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their previous GAAP carrying value.

b) Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) except impairment of financial assets based on expected credit loss model. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 the date of transition to Ind AS and as of March 31, 2016.

c) De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

d) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

e) Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified as fair value through profit and loss or fair value through other comprehensive income based on facts and circumstances as at the date of transition to Ind AS i.e. April 1, 2015. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 1, 2015 and not from the date of initial recognition.

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Description	Notes to first time adoption	March 31, 2016	April 1, 2015
	Total Equity as per previous GAAP		**3,932.35**	**3,791.26**
	Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i.	Provision for expected credit loss under Ind AS 109	2	(455.14)	(159.37)
ii.	Impact on Deferred taxes of above adjustment/ other adjustments	4	189.80	92.04
	Total Ind-AS adjustments		**(265.34)**	**(67.33)**
	Total Equity as per Ind-AS		**3,667.01**	**3,723.93**

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Description	Notes to first time adoption	Year ended March 31, 2016
	Net profit after tax under previous GAAP		**141.09**
	Ind AS adjustments [Increase in profits / (decrease in profits)]		
i.	Actuarial loss transferred to OCI	3	37.43
ii.	Impact of expected credit loss	2	(295.77)
iii.	Tax impact of above adjustments	4	85.38
	Total of adjustments		**(172.96)**
	Net Profit after tax as per Ind-AS		**(31.87)**
	Other Comprehensive Income (net of taxes)	5	(25.06)
	Total Comprehensive Income as per Ind-AS		**(56.93)**

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

Description	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	(4,246.65)	11.47	(4,235.18)
Net cash flows from investing activities	1,669.26	(11.07)	1,658.19
Net cash flows from financing activities	2,042.79	(653.00)	1,389.79
Net increase/(decrease) in cash and cash equivalents	**(534.60)**	**(652.60)**	**(1,187.20)**
Cash and cash equivalents as at April 1, 2015	601.21	(40.54)	560.67
Cash and cash equivalents as at March 31, 2016	**66.61**	**(693.14)**	**(626.53)**

Notes to financial statements for the year ended March 31, 2017

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

1 Financial Assets - Debt Instruments carried at amortised cost

Under Indian GAAP, debt instruments are recorded at the historical cost. Under Ind-AS, these assets are recorded at amortized cost using effective interest rate method. Certain interest-free security deposits and below-market employee loans have been discounted using market rates of interest as required under Ind-AS and recorded at Fair Value as on the transition date. The Company has availed the practical expedient exemption provided under Ind-AS 101 to record such instruments at transition date.

2 Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the total equity (net of tax) is decreased by Rs 304.66 for year ended on March 31, 2016 (April 1, 2015 Rs. 106.68) and profit (net of tax) for the year ended March 31, 2016 has decreased by Rs. 198.01.

3 Actuarial loss transferred to OCI

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost recognised in Other Comprehensive Income is Rs. (37.43) {amount net of tax is Rs (25.05)} as at March 31, 2016.

4 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of Rs 189.80. as at March 31, 2016 (April 1, 2015 Rs.92.04).

5 Other comprehensive income

Under Indian GAAP, the Company had not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 4, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 4, 2017

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

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: May 4, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 4, 2017

Cash flow statement for the year ended March 31, 2017

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

Particulars	Note no.	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Cash flows from operating activities			
Profit before tax		52.29	(41.45)
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment	23	189.03	98.44
Amortization on intangible assets	23	0.48	0.48
Provision for impairment allowance of financial assets (net)	24 (a)	307.10	159.43
Finance costs	22	313.91	21.17
Bad debts written off	24 (a)	10.23	252.88
Profit on sale/discard of assets (net)	20	(4.93)	(4.80)
Profit on sale of investment	20	-	(2.93)
Liabilities no longer required written back	20	(0.45)	-
Dividend and interest income classified as investing cash flows	20	-	(41.38)
Working capital adjustments			
(Increase)/decrease in Trade receivables	6 & 24(a)	(444.43)	2,397.39
(Increase)/decrease in Loans & Other financial assets	7 & 8	909.26	(6,005.40)
(Increase)/decrease in Other assets	10	1,988.34	(669.92)
Increase/(decrease) in Trade payables	15	(3,802.53)	3,650.44
Increase/(decrease) in Provisions	17 & 9(b)	(88.23)	166.73
Increase/(decrease) in Other financial liabilities	16	39.16	(103.33)
Increase/(decrease) in Other liabilities	18	(103.15)	(3,295.02)
Cash generated from operations		**(633.92)**	**(3,417.27)**
Direct taxes paid (net of refunds received)		(289.01)	(817.91)
Net cash inflow from operating activities		**(922.93)**	**(4,235.18)**
B) Cash flows from investing activities			
Sale of property, plant and equipment		11.18	6.62
Purchase of property, plant and equipment	3	(4.90)	(17.71)
Proceeds from sale of Investments		-	1,627.90
Interest/dividend/brokerage received		-	41.38
Net cash flows from investing activities		**6.28**	**1,658.19**
C) Cash flows from financing activities			
Proceeds from borrowings	14	1,700.00	1,400.00
Interest paid		(245.91)	(10.21)
Net cash flows from financing activities		**1,454.09**	**1,389.79**
Net increase / (decrease) in cash and cash equivalents		**537.44**	**(1,187.20)**
Cash and cash equivalents at the beginning of the year	11	(626.53)	560.67
Cash and cash equivalents at the end of the year		**(89.09)**	**(626.53)**

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

	Note No	March 31, 2017	March 31, 2016
Cash and cash equivalents	11	108.63	66.61
Less: bank overdraft	14	197.72	693.14
Balances as per Cash flow statement		**(89.09)**	**(626.53)**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 4, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 4, 2017

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

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: May 4, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 4, 2017

Statement of changes in Equity for the year ended March 31, 2017

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

A Equity Share Capital

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginning of the year	12	450.00	450.00	450.00
Changes in equity shares capital during the year	12	-	-	-
Balance at the end of the year		**450.00**	**450.00**	**450.00**

B Other Equity

Particulars	Reserves & Surplus		
	General reserve	**Retained Earnings**	**Total**
As at April 1, 2015	**525.21**	**2,748.72**	**3,273.93**
Loss for the year	-	(31.87)	(31.87)
Other Comprehensive Income	-	(25.06)	(25.06)
As at March 31, 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**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 4, 2017

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 4, 2017

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

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: May 4, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 4, 2017

THERMAX INSTRUMENTATION LIMITED

Board of Directors

Ravinder Advani
B. C. Mahesh
Amitabha Mukhopadhyay
Ajay Joshi – Independent Director
Ashok K. Joshi – Independent Director
R. V. Ramani (upto 21.4.2016)

Registered Office

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

Auditors

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

Key Managerial Personnel

M. L. Bindra (Manager)
Vedhanarayanan K. S. (Chief Financial Officer)
(upto 31.3.2017)
Sudhir Lale (Company Secretary)
Harish Tikotkar (Chief Financial Officer)
(effective May 5, 2017)

Corporate Office

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

Bankers

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

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty First Annual Report for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2016-2017	2015-2016
Total Income	**12,774.08**	13,600.93
Profit / (Loss) before Depreciation	**2,157.79**	1,755.80
Depreciation	**38.76**	47.60
Profit / (Loss) before Tax	**2,119.03**	1,708.20
Provision for Taxation including Deferred Tax	**1,012.31**	1,007.88
Profit / (Loss) after tax	**1,106.72**	700.32

The financial accounts have been prepared as per Indian Accounting Standards, 2015 (Ind AS). The results are not comparable to previous GAAP. A separate note on impact of change of GAAP conversion has been stated by way of separate note in the financial statements.

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 12,774.08 lakh (previous year Rs 13,600.93 lakh). Profit before tax stood at Rs. 2119.03 lakh (previous year Rs. 1,708.20 lakh) and profit after tax is Rs. 1,106.72 lakh (previous year Rs. 700.32 lakh).

In Financial Year 2016-17 the company completed 8 power plants. Profitability of the company improved due to better turnaround of jobs on hand, increase in revenue from international operations and better control on project execution. The net worth of the company is positive as of 31st March 2017.

The order booking in captive power plant sector in current year was Rs 6,696 lakh (previous year Rs. 7,501 lakh) as the expected recovery in power sector has not happened.

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. 6.1 million safe man hours have been completed till Mar'17.The company's performance in this area has been recognized by some of its customers including award from a PSU customer for best safety performance in competition with top private sector construction company. We have also bagged the award for implementing best safety practices at the Rajasthan site.

The company has completed OHSAS recertification audit and the certificate is now valid till 2020.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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. As per the said policy, the company would continue its CSR initiatives through Thermax Foundation earlier known as Thermax Social Initiative Foundation (TSIF). As part of its initiatives under CSR, the Company has donated Rs. 20.23 lac to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 1".

DIVIDEND

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

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.

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.

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, 2017.

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. The Company has completed its reimplementation of ERP System.

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 at its meeting held on January 24, 2017 has approved 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

In accordance with the provisions of the Companies Act, 2013 and the company’s Articles of Association, Mr. Amitabha Mukhopadhyay 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 March 31, 2017.

The company has re-appointed Mr. M L Bindra as a Manager of the company for a period of one year effective from 5th May’17. Necessary resolution for the regularization has been included in the Notice of ensuing Annual General Meeting of the Company.

CHANGE IN KEY MANAGERIAL PERSONNEL (KMP)

Consequent to the resignation of Mr. K.S Vedhanarayanan as the Chief Financial Officer (CFO), effective March 31, 2017, Mr. Harish Tikotkar has been appointed as the Chief Financial Officer (CFO) as well as KMP effective May 5, 2017.

BOARD MEETINGS

The Board met five times on May 3, 2016, July 27, 2016, October 21, 2016, January 24, 2017 and February 16, 2017 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.

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 3, 2016, July 27, 2016, October 21, 2016 and January 24, 2017. 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 once during the year on January 24, 2017.

CORPORATE SOCIAL RESPONSIBILITY (CSR) 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 once during the year on January 24, 2017.

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	4,274.13
	(PY 3,906.59)
Foreign currency outgo	2,681.29
	(PY 1,963.47)

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

The appointment of M/s. SRBC & Co. LLP, Chartered Accountants as auditors for a period of five years commencing from 19th AGM until the conclusion of 24th AGM will require ratification by the shareholders at the ensuing AGM.

The Committee has recommended ratification of appointment of, M/s SRBC & Co. LLP at the ensuing Annual General Meeting (AGM) as Statutory Auditors.

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**
Pune, May 05, 2017	Director	Director
	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. 10.11 crore.

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

   Prescribed CSR Expenditure is Rs. 20.23 lakh (2% of Rs. 10.11 crore). Amount contributed to Thermax Foundation is Rs. 20.23 lakh.

5. **Details of CSR spent during the financial year.**
   a) Total amount donated: Rs. 20.23 lakh
   b) Total amount to be spent for the financial year: Rs. 20.23 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 30, 2017. 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.

M. L Bindra
(CEO)

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, 2017

[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	69.49%
2	Operation and Maintenance	45207	30.51%

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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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. 1lakh									
c) Others (specify)									
- Directors Relative									
- Trusts									
- Foreign Bodies Corporate	------------------------ NIL ------------------------								
- 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 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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	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 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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 (01.04.2016)					
i)	Principal Amount	234.16	0	0	234.16
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	0	0	0
Total (i+ii+iii)		**234.16**	**0**	**0**	**234.16**
Change in indebtedness during the financial year					
Addition		0	0	0	0
Reduction		158.24	0	0	158.24
Net Change		158.24	0	0	158.24
Indebtedness at the end of the financial year (31.03.2017)					
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**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in 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) Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) 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 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	3.8	3.8			7.6
	Commission	NIL				
	Others, please specify					
	Total(1)	3.8	3.8			7.6
2.	Other Non-Executive Directors					
	Directors	Amitabha Mukhopadhyay	B. C Mahesh	R. V. Ramani (upto 21.04.2016)	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 Rs. Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary (Sudhir Lale)	Chief Financial Officer (Vedhanarayanan K. S.)	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.03	19.26	35.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.10	0.32	0.42
	(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	-	-	-
	Total	16.13	19.58	35.71

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 Instrumentation Limited

Place : Pune
Date : May 05, 2017

Amitabha Mukhopadhyay
Director
DIN : 01806781

B. C. Mahesh
Director
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, 2017, 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, which are incorporated in the return for the year ended on that date audited by the branch auditor of the Company's branch at Philippines.

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 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, 2017, 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 the branch not visited by us;

    (c) The report on the accounts of the branch office of the Company audited under section 143 (8) of the Act by branch auditor 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 return received from the branch 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 Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 Ind AS financial statements – Refer note 30 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 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. As per books of account of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during the period November 8, 2016 till December 30, 2016.

Other Matter

We did not audit the financial statements and other financial information of one branch included in the accompanying Ind AS financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 1,826.93 lakhs as at March 31, 2017, total revenues of Rs. 2,503.42 lakhs and profit before tax of Rs. 1,617.92 lakhs for the year ended on that date. The financial statements and other financial information of this branch has been audited by the branch auditor 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 this branch, is based solely on the report of such branch auditor. 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 5, 2017

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 Company is not in the business of sale of any goods. 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, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, 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	178.59	FY 2014-15 to FY 2016-17	Various	Not paid
National Health Insurance Act, 1995 (Philippines)	Employee Health and Insurance	1.03	FY 2016- 17	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, 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 loans or borrowing from a financial institution or bank or government during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by 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 5, 2017

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, 2017 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, 2017, 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.

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 5, 2017

Balance Sheet as at March 31, 2017

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

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	4	205.88	230.25	245.02
Financial assets:				
(a) Trade receivables	5 (a)	530.91	320.38	297.25
Deferred tax assets (net)	6	21.75	29.03	-
Income tax assets (net)		1,976.18	2,022.14	2,521.70
Other non-current assets	7 (a)	272.36	549.39	804.20
Total non-current assets		**3,007.08**	**3,151.19**	**3,868.17**
II. Current assets				
Financial assets:				
(a) Investments	8	752.76	287.13	272.39
(b) Trade receivables	5 (b)	3,672.61	3,742.95	4,779.36
(c) Cash and cash equivalents	9 (a)	2,067.42	1,624.56	923.19
(d) Bank balances other than (c) above	9 (b)	0.32	0.30	0.27
(e) Loans	10	15.69	20.93	19.35
(f) Other financial assets	11	693.34	1,160.75	954.38
Other current assets	7 (b)	919.18	761.08	1,085.03
Total current assets		**8,121.32**	**7,597.70**	**8,033.97**
Total		**11,128.40**	**10,748.89**	**11,902.14**

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity and Liabilities				
III. Equity				
Equity share capital	12	900.00	900.00	900.00
Other equity	13	231.11	(823.22)	(1,539.42)
Total equity		**1,131.11**	**76.78**	**(639.42)**
IV. Non-current liabilities				
Financial liabilities:				
(a) Borrowings	14 (a)	-	814.09	735.80
(b) Trade payables	15 (a)	276.62	574.01	1,298.39
Deferred tax liabilities (net)	19	155.65	269.27	91.36
Other non-current liabilities	17 (a)	14.08	-	-
Total non-current liabilities		**446.35**	**1,657.37**	**2,125.55**
V. Current liabilities				
Financial liabilities:				
(a) Borrowings	14 (b)	84.92	-	208.85
(b) Trade payables	15 (b)	3,176.44	3,213.50	2,074.36
(c) Other financial liabilities	16	1,278.84	764.74	239.98
Other current liabilities	17 (b)	4,655.38	4,582.08	7,272.71
Provisions	18	264.36	349.05	455.26
Income tax liabilities (net)		91.00	105.37	164.85
Total current liabilities		**9,550.94**	**9,014.74**	**10,416.01**
Total		**11,128.40**	**10,748.89**	**11,902.14**
Summary of significant accounting policies	2			
Summary of significant accounting judgements, estimates and assumptions	3			

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 5, 2017

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 5, 2017

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from operations	20	12,241.42	13,185.63
Other income	21	532.66	415.31
Total Income (I)		**12,774.08**	**13,600.94**
Expenses			
Project bought-out and components		469.37	612.97
Employee benefits expense	22	2,599.67	2,809.38
Finance cost	23	96.96	125.00
Depreciation expense	24	38.76	47.60
Other expenses	25 (a)	7,450.29	8,297.79
Total Expenses (II)		**10,655.05**	**11,892.74**
Profit before tax (I-II)		**2,119.03**	**1,708.20**
Tax expense			
Current tax	26	1,127.64	899.49
Deferred tax	26	(115.33)	108.39
Total tax expense		**1,012.31**	**1,007.88**
Profit for the year		**1,106.72**	**700.32**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	28		
Net gain/ (loss) on translation of foreign operations		(69.38)	17.36
Less: Income tax effect		-	-
		(69.38)	**17.36**
B. Items that will not be reclassified subsequently to profit or loss	28		
Re-measurement gain/ (loss) of defined benefit plan		25.98	(2.26)
Less: Income tax effect		(8.99)	0.78
		16.99	**(1.48)**
Total other comprehensive income for the year (net of tax)		**(52.39)**	**15.88**
Total comprehensive income for the year		**1,054.33**	**716.20**
Earning per equity share [Nominal value Rs. 10/- each (March 31, 2016: Rs. 10/-)]	27	12.30	7.78
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, 2017

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

A. Equity share capital

	Note No	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginning of the year	12	900.00	900.00	900.00
Change in equity shares capital during the year	12	-	-	-
Balance at the end of the year	12	**900.00**	**900.00**	**900.00**

A. Other equity

	Reserves and surplus			Items of OCI	
	Capital reserve	Retained Earnings	Total	Foreign Currency Translation Reserve	Total Other Equity
As at April 1, 2015	1,118.84	(2,658.26)	**(1,539.42)**	-	(1,539.42)
Profit for the year	-	700.32	**700.32**	-	700.32
Other Comprehensive Income	-	(1.48)	**(1.48)**	17.36	15.88
As at March 31, 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**

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

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 5, 2017

Place: Pune
Date: May 5, 2017

Cash Flow Statement for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Cash flows from operating activities			
Profit before tax		2,119.03	1,708.20
Adjustments to reconcile profit before tax to net cash flows			
Depreciation expense	24	38.76	47.60
Provision for impairment allowance (net of reversals)	25 (a)	(107.51)	181.40
Interest expense	23	9.26	46.70
Interest accretion on preference shares	23	87.70	78.30
Bad debts/advances written off	25 (a)	30.28	268.63
Loss on sale / discard of assets (net)	25 (a)	1.46	0.49
Interest income from bank	21	(0.02)	(3.38)
Dividend income	21	(15.64)	(14.74)
Foreign exchange differences (net)		(65.49)	33.88
Liabilities no longer required written back	21	(291.28)	(50.39)
Cash flows before working capital changes		1,806.55	2,296.69
Working capital adjustments			
(Increase) / decrease in trade receivables		(63.87)	579.50
Decrease / (increase) in other non-current assets		277.03	254.81
Decrease / (increase) in other current financial assets		467.41	(206.37)
(Increase) / decrease in other current assets		(132.12)	321.69
Decrease / (increase)in current loans		5.24	(1.58)
(Decrease) / increase in trade payables		(43.17)	448.28
Increase / (decrease) in other non-current liabilities		14.08	-
(Decrease) / increase in current provisions		(84.69)	(106.21)
(Decrease) / increase in other financial liabilities		(144.53)	281.60
Increase / (decrease) in other current liabilities		73.30	(2,690.63)
		368.68	(1,118.91)
Cash generated from operations		**2,175.23**	**1,177.78**
Direct taxes paid (net of refunds)		(1,096.05)	(418.14)
Net cash inflow from operating activities		**1,079.18**	**759.64**

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
B) Cash flows from/ (used in) investing activities			
Purchase of tangible fixed assets		(15.85)	(33.33)
Purchase of investments		(465.63)	(14.74)
Interest income from bank		0.02	3.38
Investments in bank deposits with maturity more than 3 months		(0.02)	(0.03)
Dividend income		15.64	14.74
Net cash flows (used in) investing activities		**(465.84)**	**(29.97)**
C) Cash flows from/ (used in) financing activities			
Interest paid		(9.26)	(46.70)
Net cash flows (used in) financing activities		**(9.26)**	**(46.70)**
Net increase in cash and cash equivalents		**604.08**	**682.96**
Cash and cash equivalents at the beginning of the year		1,381.40	714.34
Effect of exchange differences on cash and cash equivalents held in foreign currency		(2.98)	(15.90)
Cash and cash equivalents at the end of the year		**1,982.50**	**1,381.40**

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

	Note No	March 31, 2017	March 31, 2016
Cash and cash equivalents	9 (a)	2,067.42	1,624.56
Borrowings	14 (b)	(84.92)	-
Book overdraft	16	-	(243.16)
Balances as per Cash flow statement		**1,982.50**	**1,381.40**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 5, 2017

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 5, 2017

Notes to financial statements for the year ended March 31, 2017

(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, measurement and transition to Ind AS

(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 Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, these being the first set of Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Equity are provided in note 39.

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015 being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in the note 39. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Notes to financial statements for the year ended March 31, 2017

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

(b) Fair value measurement

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

All assets and liabilities for which fair value is measured or disclosed in the fina ncial 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.

- 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) 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 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, 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.

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.

Notes to financial statements for the year ended March 31, 2017

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

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.

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.

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

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.

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

Notes to financial statements for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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.

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 244.09 (March 31, 2016: 216.54; April 1, 2015: Rs 80.74) as at the balance sheet date.

Notes to financial statements for the year ended March 31, 2017

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

4 Property, plant and equipment

Particulars	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Vehicles	Total
Cost as at April 1, 2015 *	**12.22**	**304.19**	**150.33**	**185.66**	**92.72**	**37.11**	**782.23**
Additions	-	-	0.67	24.41	10.02	-	35.10
Disposals	-	-	-	(2.04)	(6.99)	(12.79)	(21.82)
Gross carrying amount as at March 31, 2016	**12.22**	**304.19**	**151.00**	**208.03**	**95.75**	**24.32**	**795.51**
Additions	-	-	0.09	18.80	0.17	-	19.06
Disposals	-	-	-	(0.68)	(1.65)	(24.32)	(26.65)
Gross carrying amount as at March 31, 2017	**12.22**	**304.19**	**151.09**	**226.15**	**94.27**	**-**	**787.92**
Accumulated depreciation as at April 1, 2015 *	**3.09**	**147.85**	**91.08**	**177.74**	**86.33**	**31.12**	**537.21**
Charge for the year	0.18	10.16	8.63	24.65	2.88	1.10	47.60
Disposals	-	-	-	(0.76)	(6.64)	(12.15)	(19.55)
Closing accumulated depreciation as at March 31, 2016	**3.27**	**158.01**	**99.71**	**201.63**	**82.57**	**20.07**	**565.26**
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)
Closing accumulated depreciation as at March 31, 2017	**3.45**	**168.16**	**105.67**	**220.05**	**84.71**	**-**	**582.04**
Net Block as at March 31, 2017	**8.77**	**136.03**	**45.42**	**6.10**	**9.56**	**-**	**205.88**
Net Block as at March 31, 2016	**8.95**	**146.18**	**51.29**	**6.40**	**13.18**	**4.25**	**230.25**
Net Block as at April 1, 2015	**9.13**	**156.34**	**59.25**	**7.92**	**6.39**	**5.99**	**245.02**

Details of assets given on operating lease:

	March 31, 2017	March 31, 2016	April 1, 2015 *
Cost/Deemed cost	12.22	12.22	12.22
Accumulated depreciation	3.45	3.27	3.09
Net carrying amount	8.77	8.95	9.13

* The Company has elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per Previous GAAP and has regarded those values as the deemed cost on the date of transition. The Company has carried forward the gross block and accumulated depreciation above, for disclosure purposes only.

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Notes to financial statements for the year ended March 31, 2017

(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, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Trade receivables			
(i) Related Parties (refer note 34)	530.91	320.38	-
(ii) Others	-	-	297.25
Total receivables	**530.91**	**320.38**	**297.25**
Break-up of security details			
Secured, considered good	-	-	-
Unsecured, considered good	530.91	320.38	297.25
Doubtful	-	-	-
	530.91	**320.38**	**297.25**
Less: Impairment allowance	-	-	-
Total	**530.91**	**320.38**	**297.25**

5 (b) Current trade receivables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Trade receivables			
(i) Related Parties (refer note 34)	1,203.40	447.33	1,154.81
(ii) Others	2,469.21	3,295.62	3,624.55
Total receivables	**3,672.61**	**3,742.95**	**4,779.36**
Break-up of security details			
Secured, considered good	153.64	673.71	-
Unsecured, considered good	3,594.45	3,104.16	4,924.38
Doubtful	236.17	385.00	271.89
	3,984.26	**4,162.87**	**5,196.27**
Less: Impairment allowance	(311.65)	(419.92)	(416.91)
Total	**3,672.61**	**3,742.95**	**4,779.36**

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, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liabilities			
Unrealized foreign exchange gain	(5.86)	(6.93)	-
	(5.86)	**(6.93)**	-
Deferred tax assets			
Provision for doubtful receivables	27.61	29.13	-
Others	-	6.83	-
	27.61	**35.96**	-
Deferred tax assets (net)	**21.75**	**29.03**	-

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

7 (a) Other non-current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with government authorities			
Unsecured considered good	272.36	549.39	804.20
Unsecured considered doubtful	190.45	261.03	-
	462.81	810.42	804.20
Less : Provision for doubtful balances	(190.45)	(261.03)	-
Total	**272.36**	**549.39**	**804.20**

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, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Advances to supplier	191.22	383.53	324.83
Advances to employees	18.14	45.16	42.99
Advances to group companies (note 34)	11.12	-	-
Prepaid expenses	36.08	22.57	14.14
Balances with government authorities	533.94	146.84	385.15
Prepaid employee benefits (note 33)	53.14	21.92	43.02
Others^^	75.54	141.06	274.90
Total	**919.18**	**761.08**	**1,085.03**

^^includes receivables from Related Parties Rs 69.29 (March 31, 2016: Rs Nil, April 1, 2015: Rs. Nil). 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 per share	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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	59.18	-
ICICI Prudential Money Market Fund - Direct Daily Dividend	Rs. 100	251.57	-	-
ICICI Prudential Liquid - Regular Plan	Rs. 100	-	-	56.13
UTI Floating Rate Fund - STP Regular Plan	Rs. 1000	-	-	216.26
UTI Liquid Fund - Cash Plan - Institutional	Rs. 1000	-	227.95	-
UTI Liquid Fund - Cash Plan - Institutional - Direct Plan	Rs. 1000	439.16	-	-
		752.76	287.13	272.39
Number of units held for above investments				
ICICI Prudential Money Market Fund - Daily Dividend		61,953.64	59,101.78	-
ICICI Prudential Money Market Fund - Direct Daily Dividend		251,208.95	-	-

Notes to financial statements for the year ended March 31, 2017

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

	Face value per share	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ICICI Prudential Liquid - Regular Plan		-	-	56,095.01
UTI Floating Rate Fund - STP Regular Plan		-	-	20,082.06
UTI Liquid Fund - Cash Plan - Institutional		-	22,360.07	-
UTI Liquid Fund - Cash Plan - Institutional - Direct Plan		43,078.55	-	-
Aggregate amount of unquoted investments		752.76	287.13	272.39
Aggregate amount of impairment in the value of investments		-	-	-

9 (a) Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Balances with banks			
- in current accounts *	2,067.42	1,624.56	922.49
Cash on hand	-	-	0.70
Total	**2,067.42**	**1,624.56**	**923.19**

* this includes bank balances of Rs. 1,899.99 (March 31, 2016 Rs. 1,399.85; April 1, 2015 Rs. 796.41) 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, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with original maturity of more than 3 months but less than 12 months**	0.32	0.30	0.27
Total	**0.32**	**0.30**	**0.27**

**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, the Company had 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.

10 Current Assets - loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Security deposits	8.91	9.93	8.84
Loans to employees	6.78	11.00	10.51
Total	**15.69**	**20.93**	**19.35**

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, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue (note 29)	650.20	1,116.68	947.12
Trade deposits	43.14	44.07	7.26
Total	**693.34**	**1,160.75**	**954.38**

Unbilled revenue is net of impairment allowance of Rs. 38.94 (March 31, 2016: Rs. 45.15, April 1, 2015: Rs. 34.76) 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, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares (Nos)			
9,000,000 (March 31, 2016: 9,000,000, April 1, 2015: 9,000,000) equity shares of Rs. 10/- each	900.00	900.00	900.00
	900.00	**900.00**	**900.00**
Issued, subscribed and fully paid share capital (Nos)			
9,000,000 (March 31, 2016: 9,000,000, April 1, 2015: 9,000,000) equity shares of Rs. 10/- each	900.00	900.00	900.00
Total issued, subscribed and fully paid-up share capital	**900.00**	**900.00**	**900.00**

(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 April 1, 2015	9,000,000	900.00
Changes during the period	-	-
At March 31, 2016	9,000,000	900.00
Changes during the period	-	-
At March 31, 2017	**9,000,000**	**900.00**

(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.

Notes to financial statements for the year ended March 31, 2017

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

(c) Equity shares held by holding company

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Thermax Limited	900.00	900.00	900.00
9,000,000 (March 31, 2016: 9,000,000, April 1, 2015: 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, 2017	As at March 31, 2016	As at April 1, 2015
Thermax Limited			
%	100.00	100.00	100.00
No. of shares	9,000,000	9,000,000	9,000,000

13 Other equity

	As at March 31, 2017	As at March 31, 2016
Reserves and surplus		
Capital reserve	1,118.84	1,118.84
Retained earnings		
Opening balance	(1,959.42)	(2,658.26)
Add: Profit for the year	1,106.72	700.32
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement gain/ (loss) on post-employment benefit plans, net of tax Rs. 8.99 (March 31, 2016 Rs. 0.78)	16.99	(1.48)
Net surplus in the Statement of profit and loss	**(835.71)**	**(1,959.42)**
Total Reserves and surplus	**283.13**	**(840.58)**
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	17.36	-
Add/ (less): movement during the year	(69.38)	17.36
Closing balance	**(52.02)**	**17.36**
Total	**231.11**	**(823.22)**

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, 2017	As at March 31, 2016	As at April 1, 2015
1% Non-cumulative Redeemable Preference Shares^	901.79	814.09	735.80
10,000,000 Preference Shares of Rs 10/- each fully paid			
Total non current borrowings	**901.79**	**814.09**	**735.80**
Less: amount disclosed under the head			
"Other current financial liabilities (note 16)"	901.79	-	-
	-	**814.09**	**735.80**

^ This forms a part of the authorized share capital of 15,000,000 (March 31, 2016: 15,000,000; April 1, 2015: 15,000,000) preference shares of Rs 10 each as per the Companies Act, 2013

14 (b) Current borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash credit from bank (secured)	84.92	-	208.85
	84.92	**-**	**208.85**

Cash credit facility is available upto Rs. 2,000 (March 31, 2016: Rs 2,000; April 1, 2015: Rs 2,000) repayable on demand and working capital demand loan (interchangeable with non-fund facility upto Rs. 1,000 (March 31, 2016: Rs 1,000; April 1, 2015: 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, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
(i) Related Parties (refer note 34)	-	-	-
(ii) Others	276.62	574.01	1,298.39
Total	**276.62**	**574.01**	**1,298.39**

15 (b) Current trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
Total outstanding dues of micro and small enterprises (note 15(c))	62.71	0.47	6.32
Total outstanding dues of creditors other than micro and small enterprises			
(i) Related Parties (note 34)	134.38	439.69	831.53
(ii) Others	2,979.35	2,773.34	1,236.51
Total	**3,176.44**	**3,213.50**	**2,074.36**

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

Notes to financial statements for the year ended March 31, 2017

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

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, 2017	March 31, 2016	April 1, 2015
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	49.48	0.44	6.29
- Interest due thereon	13.23	0.03	0.03
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.03	0.47	6.32
The amount of payment made to the supplier beyond the appointed day during the year	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, 2017	As at March 31, 2016	As at April 1, 2015
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	161.63	245.50	163.40
Book overdraft	-	243.16	-
Customer deposits	215.42	272.09	72.59
Other payables	-	3.99	3.99
Total	**1,278.84**	**764.74**	**239.98**

17 (a) Other non-current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Customer advances			
(i) Related Parties (refer note 34)	-	-	-
(ii) Others	14.08	-	-
Total	**14.08**	**-**	**-**

17 (b) Other current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unearned revenue (note 29)	2,750.64	1,579.78	3,631.58
Customer advances			
(i) Related Parties (refer note 34)	188.25	373.39	674.69
(ii) Others	1,368.71	2,558.02	2,918.64
Statutory dues and other liabilities*	347.78	70.89	47.80
Total	**4,655.38**	**4,582.08**	**7,272.71**

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

18 Current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for leave encashment	82.25	86.68	134.65
	82.25	86.68	134.65
Other provisions			
Provision for onerous contracts	182.11	262.37	320.61
	182.11	**262.37**	**320.61**
Total	**264.36**	**349.05**	**455.26**

Movement in provisions for onerous contracts	**March 31, 2017**
As at March 31, 2016	**262.37**
Additional provision recognized	21.59
Provision (utilized)/ (reversed) during the year	(101.85)
As at March 31, 2017	**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, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liabilities			
Retained earnings of foreign branches	244.09	216.54	80.74
Fair value adjustment of borrowings	33.99	64.33	91.43
	278.08	**280.87**	**172.17**
Deferred tax assets			
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	(12.20)	-	-
Provision for doubtful receivables and advances	(94.59)	(11.60)	(36.63)
Minimum Alternative Tax credit	-	-	(44.18)
Disallowances under section 40(a) of the Income Tax Act, 1961	(2.45)	-	-
Disallowances under section 43B of the Income Tax Act, 1961	(13.19)	-	-
	(122.43)	**(11.60)**	**(80.81)**
	155.65	**269.27**	**91.36**

Notes to financial statements for the year ended March 31, 2017

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

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, 2017	March 31, 2016
Sale of services #	12,148.10	12,889.73
Other operating revenue		
Sale of scrap	32.76	162.14
Exchange fluctuation gain (net)	60.56	133.76
	93.32	**295.90**
Revenue from operations	**12,241.42**	**13,185.63**

The above includes revenue from construction services contracts of Rs 7,799.15 (March 31, 2016: Rs 9,029.28.) Refer note 29.

21 Other income

	March 31, 2017	March 31, 2016
Interest income from financial assets at amortized cost		
Bank deposits	0.02	3.38
Interest income from others	39.69	140.72
Dividend income on investments	15.64	14.74
Rent income (Refer note 31 (b)(ii))	62.16	61.32
Liabilities no longer required written back	291.28	50.39
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	123.87	144.76
Total	**532.66**	**415.31**

22 Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	2,465.57	2,638.29
Contribution to provident and other funds	105.15	112.33
Gratuity expense (note 33)	13.04	36.45
Staff welfare expenses	15.91	22.31
Total	**2,599.67**	**2,809.38**

23 Finance costs

	March 31, 2017	March 31, 2016
Interest accretion on borrowings	87.70	78.30
Interest expense	9.26	46.70
Total	**96.96**	**125.00**

24 Depreciation expense

	March 31, 2017	March 31, 2016
Depreciation on tangible assets (note 4)	38.76	47.60
Total	**38.76**	**47.60**

25 (a) Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spare parts	21.78	21.65
Power and fuel	34.39	28.91
Site expenses and contract labour charges	6,600.65	6,852.80
Advertisement and sales promotion	10.64	4.19
Rent (note 31 (b)(i))	72.64	64.54
Rates and taxes	105.52	356.96
Insurance	34.87	34.97
Repairs and maintenance		
Plant and machinery	0.54	1.26
Buildings	3.12	-
Others	4.33	2.30
Travelling and conveyance	264.65	187.07
Legal and professional fees (includes payment to auditors; refer note 25(b))	176.84	178.90
Director sitting fees (note 34)	7.60	8.20
Bad debts/ advances written off	30.28	268.63
Provision for impairment allowances (net of reversals)	(107.51)	181.40
Loss on sale/ discard of assets (net)	1.46	0.49
Corporate Social Responsibility expenditure (Refer note 25(c))	20.23	-
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	168.26	105.52
Total	**7,450.29**	**8,297.79**

25 (b) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit fee	5.00	5.00
Tax audit fee	-	1.00
In other capacity		
Other services	-	0.31
Reimbursement of expenses	0.46	0.03
Total	**5.46**	**6.34**

25 (c) Corporate Social Responsibility

	March 31, 2017	March 31, 2016
Gross amount required to be spent by the Company during the year	20.23	-
Total	**20.23**	**-**

Amount spent during the year

	In Cash	Yet to spent in cash	Total
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
During the year ended March 31, 2016			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	-	-	-
	-	-	-

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

Notes to financial statements for the year ended March 31, 2017

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

26 Income taxes

The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss	**As at March 31, 2017**	**As at March 31, 2016**
Current income tax charge		
Current income tax	1,112.02	898.10
Adjustments in respect of current income tax of previous year	15.62	1.39
Deferred tax		
Relating to origination and reversal of temporary differences	(115.33)	108.39
Income tax expense reported in the Statement of profit and loss	**1,012.31**	**1,007.88**

Other Comprehensive Income	**As at March 31, 2017**	**As at March 31, 2016**
Deferred tax related to items recognized in Other Comprehensive Income during the year		
Net movement on translation of foreign operations	-	-
Re-measurement of defined benefit plans	(8.99)	0.78
Income tax charged to Other Comprehensive Income	**(8.99)**	**0.78**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016	**As at March 31, 2017**	**As at March 31, 2016**
Accounting profit before tax	2,119.03	1,708.20
At India's statutory income tax rate of 34.608% (March 31, 2016: 33.06%)	733.35	564.73
Reconciliation items and tax impact of the same		
Effects of income not subject to tax (Dividend income)	(5.41)	(4.87)
Effects of non-deductible business expenses	107.97	194.64
Effects of tax losses carried forward / tax credits		
- Deferred taxes of earlier periods recognized in current period	(77.63)	44.17
Deferred tax on unrealized profits of branches	27.54	135.80
Change in current tax due to change in functional currency	-	17.74
Taxes paid on repatriation of branch profits	210.87	81.44
Taxes from prior periods & others	15.62	(25.77)
At the effective tax rate of 47.77 % (March 31, 2016: 59.01%)	1,012.31	1,007.88

27 Earnings Per Share (EPS)

	March 31, 2017	**March 31, 2016**
Net profit attributable to the equity shareholders of the Company	1,106.72	700.32
Weighted average number of Equity shares of Rs.10/- each (Nos.)	9,000,000	9,000,000
Basic and diluted EPS	12.30	7.78

28 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, 2017

	Foreign currency translation	**Retained earnings**	**Total**
Foreign currency translation differences	(69.38)	-	(69.38)
Re-measurement gains on defined benefit plans	-	16.99	16.99
Total	**(69.38)**	**16.99**	**(52.39)**

During the year ended March 31, 2016

	Foreign currency translation	**Retained Earnings**	**Total**
Foreign currency translation differences	17.36	-	17.36
Re-measurement (losses) on defined benefit plans	-	(1.48)	(1.48)
Total	**17.36**	**(1.48)**	**15.88**

29 Disclosure pursuant to Ind AS 11 - Construction contracts

	Year ended March 31, 2017	**Year ended March 31, 2016**
Contract revenue recognized during the year	7,799.15	9,029.28
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognized profits (less recognized losses)	96,456.45	97,868.85

	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Customer advance outstanding for contracts in progress	1,404.32	2,863.63	3,276.42
Retention money due from customers for contracts in progress	862.83	568.11	622.18
Gross amount due from customers [disclosed as unbilled revenue (refer note 11)]	650.20	1,116.68	947.12
Gross amount due to customers [disclosed as unearned revenue (refer note 17 (b))]	2,750.64	1,579.78	3,631.58

30 Contingent liabilities

	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Disputed demands in respect of Service tax	-	86.41	2,422.40
Income tax demands disputed in appellate proceedings	-	312.72	79.99
Disputed Sales tax liabilities^			
- West Bengal	-	67.42	67.42
- Andhra Pradesh	-	43.03	218.08
- Chhattisgarh	-	4.83	12.49
- Tamil Nadu	-	-	1.26
Advance and performance bank guarantees	-	1,729.07	4,310.49

^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, the Company has paid the sales tax liabilities for West Bengal and Chhattisgarh.

During the year, 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.

Notes to financial statements for the year ended March 31, 2017

(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, 2016 Rs. Nil ; April 1, 2015 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, 2017	March 31, 2016
Lease payments for the year	72.64	64.54
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year		
After one year but not more than five years	9.27	-
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, 2017	March 31, 2016
Lease received for the year	62.16	61.32
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

	March 31, 2017	March 31, 2016
Within India	7,976.09	9,220.81
Outside India	4,265.33	3,964.82
Total	**12,241.42**	**13,185.63**

Non current assets by geographical segments *

	March 31, 2017	March 31, 2016	April 1, 2015
Within India	2,453.08	2,800.89	3,570.92
Outside India	1.34	0.89	-
Total	**2,454.42**	**2,801.78**	**3,570.92**

* 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 @ 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 bond 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 :

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2015	**82.39**	**125.41**	**(43.02)**
Current service cost	39.57	-	39.57
Interest expense	7.36	10.48	(3.12)
Total amount recognised in the Statement of profit and loss	**46.93**	**10.48**	**36.45**
Experience adjustments	(1.07)	-	(1.07)
Return on plan assets	-	(3.33)	3.33
Total amount recognised in Other Comprehensive Income	**(1.07)**	**(3.33)**	**2.26**
Employer contributions	-	3.93	(3.93)
Benefits paid	(13.68)	-	(13.68)
March 31, 2016	**114.57**	**136.49**	**(21.92)**

	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2016	**114.57**	**136.49**	**(21.92)**
Current service cost	15.18	-	15.18
Interest expense	9.17	11.31	(2.14)
Total amount recognised in the Statement of profit and loss	**24.35**	**11.31**	**13.04**
Experience adjustments	(50.96)	-	(50.96)
Actuarial (gain)/loss from change in financial assumptions	5.22	-	5.22
Return on plan assets	-	(19.76)	19.76
Total amount recognised in Other Comprehensive Income	**(45.74)**	**(19.76)**	**(25.98)**
Employer contributions	-	0.68	(0.68)
Benefits paid	-	17.60	(17.60)
March 31, 2017	**93.18**	**146.32**	**(53.14)**

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

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	93.18	114.57	82.39
Fair value of plan assets	146.32	136.49	125.41
Surplus of funded plan	**(53.14)**	**(21.92)**	**(43.02)**

Notes to financial statements for the year ended March 31, 2017

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

III Significant estimates

The significant actuarial assumptions were as follows :

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7%	8%	8%
Salary growth rate	7%	7%	7%
Normal retirement age	60 years	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	10%	7%	7%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2017	March 31, 2016
Discount rate		
1.00% increase	decrease by Rs. 5.97	decrease by Rs. 6.91
1.00% decrease	increase by Rs. 6.73	increase by Rs. 7.72
Future salary increase		
1.00% increase	increase by Rs. 6.20	increase by Rs. 7.29
1.00% decrease	decrease by Rs. 5.61	decrease by Rs. 6.65
Attrition Rate		
1.00% increase	decrease by Rs. 0.14	decrease by Rs. 0.07
1.00% decrease	increase by Rs. 0.15	increase by Rs. 0.01

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:

	March 31, 2017	March 31, 2016
Within next 12 months	13.74	0.92
Between 2-5 years	36.26	54.17
> 5 years	46.10	57.00

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2016: 8 years)

V The major categories of plan assets are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Investments with Insurer (LIC of India)	100.00%	100.00%	100.00%

34 Related party disclosures

A Holding Company and Utimate Holding Companies

	Name of the entity	Place of business/ Country of incorporation	Ownership interest			Type
			March 31, 2017	March 31, 2016	April 1, 2015	
1	RDA Holdings Private Limited	India	0%	0%	0%	Ultimate holding company
2	Thermax Limited	India	100%	100%	100%	Holding company

B Fellow subsidiaries

	Name of the entity	Place of business/ Country of incorporation
1	Thermax Engineering Construction Company Limited	India
2	Thermax Energy & Environment Philippines Corporation	Philippines

C 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

D 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

E Key Management Personnel:

1 Mr. Madan Lal Bindra - Manager
2 Mr. Vedhanarayanan K.S. - Chief Financial Officer (upto March 31, 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

Mr. Harish Tikotkar has been appointed as the Chief Financial Officer of the Company w.e.f. May 5, 2017.

Notes to financial statements for the year ended March 31, 2017

(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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sales of services	2,893.59	2,297.68	-	-	-	-	-	-	-	-	**2,893.59**	**2,297.68**
Rent income	59.52	59.52	-	-	-	-	-	-	-	-	**59.52**	**59.52**
Miscellaneous income	-	0.28	-	-	-	-	-	-	-	-	**-**	**0.28**
Recovery of expenses	626.98	205.55	10.99	-	9.60	-	-	-	-	-	**647.57**	**205.55**
Purchase of project bought-out and components	4.36	33.96	-	0.07	-	-	-	-	-	-	**4.36**	**34.03**
Reimbursement of expenses	570.36	282.25	-	-	-	-	-	-	-	-	**570.36**	**282.25**
Remuneration to key management personnel *	64.38	61.13	-	-	-	-	-	-	7.60	8.20	**71.98**	**69.33**
Donation	-	-	-	-	-	-	20.23	-	-	-	**20.23**	**-**
Commission paid on corporate guarantee received	8.42	-	-	-	-	-	-	-	-	-	**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, 2017	March 31, 2016
(a) Salary/ Retainership fees reimbursed to Thermax Limited		
Mr. Madan Lal Bindra	42.00	42.00
Mr. Vedhanarayanan K.S.	22.38	19.13
(b) Director sitting fees paid to independent directors		
Mr. Ajay Joshi	3.80	4.10
Mr. Ashok Joshi	3.80	4.10

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, 2017, the Company has recorded an impairment of receivables relating to amounts owed by related parties amounting to Rs 19.24 (March 31, 2016: Rs. Nil, April 1, 2015: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates."

Particulars	"Holding Company - Thermax Limited"			"Fellow Subsidiary-Thermax Engineering Construction Company Limited"			"Fellow Subsidiary-Thermax Energy & Environment Philippines Corporation"			Total		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	1,734.31	767.71	1,154.81	-	-	-	-	-	-	**1,734.31**	**767.71**	**1,154.81**
Advances and other receivables	69.29	-	-	1.52	-	-	9.60	-	-	**80.41**	**-**	**-**
Trade payables	134.38	439.69	831.53	-	-	-	-	-	-	**134.38**	**439.69**	**831.53**
Borrowings^^	901.79	814.09	735.80	-	-	-	-	-	-	**901.79**	**814.09**	**735.80**
Customer advances	188.25	373.39	674.69	-	-	-	-	-	-	**188.25**	**373.39**	**674.69**
Guarantee/ letter of comfort received	488.63	1,729.07	4,310.49	-	-	-	-	-	-	**488.63**	**1,729.07**	**4,310.49**

^^pertain to the preference shares issued considered as 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

Notes to financial statements for the year ended March 31, 2017

(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, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	4,203.52	4,063.33	5,076.61
Cash and cash equivalents	2,067.42	1,624.56	923.19
Bank balances other than cash and cash equivalents	0.32	0.30	0.27
Loans	15.69	20.93	19.35
Other financial assets	693.34	1,160.75	954.38
Total	**6,980.29**	**6,869.87**	**6,973.80**
Current assets	6,449.38	6,549.49	6,676.55
Non-current assets	530.91	320.38	297.25
Total	**6,980.29**	**6,869.87**	**6,973.80**

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, 2017	As at March 31, 2016	As at April 1, 2015
Investments	752.76	287.13	272.39
Total	**752.76**	**287.13**	**272.39**
Current assets	752.76	287.13	272.39
Non-current assets	-	-	-
Total	**752.76**	**287.13**	**272.39**

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, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	84.92	-	208.85
Trade payable	3,453.06	3,787.51	3,372.75
Other liabilities	377.05	764.74	239.98
Total	**3,915.03**	**4,552.25**	**3,821.58**
Current liabilities	3,638.41	3,978.24	2,523.19
Non current liabilities	276.62	574.01	1,298.39
Total	**3,915.03**	**4,552.25**	**3,821.58**

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, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	901.79	814.09	735.80
Total	**901.79**	**814.09**	**735.80**
Current liabilities	901.79	-	-
Non current liabilities	-	814.09	735.80
Total	**901.79**	**814.09**	**735.80**

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, 2017 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, 2017

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Mutual funds	March 31, 2016	-	287.13	-
Financial liabilities				
Borrowings	March 31, 2016	-	-	814.09

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Mutual funds	April 1, 2015	-	272.39	-
Financial liabilities				
Borrowings	April 1, 2015	-	-	735.80

There has been no transfer between level 1 aand level 2 during the year.

* The movemnt in level 3 is on account of interest accretion on preference shares.

Notes to financial statements for the year ended March 31, 2017

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

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 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 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, 2017 and March 31, 2016.

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.

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 loss 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, 2017	March 31, 2016
Decrease in US$ rate by 5%	(83.00)	(73.25)
Increase in US$ rate by 5%	83.00	73.25

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.

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

	Less than 1 year	1 to 3 years	Total
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**
Other payables	-	-	-
	4,638.41	**276.62**	**4,915.03**
As at March 31, 2016			
Borrowings	-	1,000.00	**1,000.00**
Trade payables	3,213.50	574.01	**3,787.51**
Other financial liabilities :			
Current maturities of long-tem borrowings	-	-	-
Employee related payables	245.50	-	**245.50**
Bank overdraft	243.16	-	**243.16**
Customer Deposits	272.09	-	**272.09**
Other payables	3.99	-	**3.99**
	3,978.24	**1,574.01**	**5,552.25**

Notes to financial statements for the year ended March 31, 2017

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

Particulars	Less than 1 year	1 to 3 years	Total
As at April 1, 2015			
Borrowings	208.85	1,000.00	**1,208.85**
Trade payables	2,074.36	1,298.39	**3,372.75**
Other financial liabilities :			
Current maturities of long-tem borrowings	-	-	-
Employee related payables	163.40	-	**163.40**
Bank overdraft	-	-	-
Customer Deposits	72.59	-	**72.59**
Other payables	3.99	-	**3.99**
	2,523.19	**2,298.39**	**4,821.58**

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, 2017 and March 31, 2016. Capital represents equity attributable to Parent Company and is measured at Rs 1,131.11 (March 31, 2016: Rs. 76.78; April 1, 2015: Rs (639.42)).

38 Recent accounting pronouncements

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively.

Amendment to Ind AS 7: Statement of Cash Flows

The amendment to Ind AS 7 requires 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. These amendments are effective for annual periods beginning on or after April 1, 2017. Application of the amendments will result in additional disclosures provided by the Company.

Amendment to Ind AS 102: Share-based Payment

The amendment to Ind AS 102 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after April 1, 2017. These amendments are not expected to have any material impact on the Company."

39 First-time adoption Transition to Ind AS

These financial statements for the year ended March 31, 2017, are the first financial statements prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable as at March 31, 2017, together with the comparative period data for the year ended March 31, 2016, as described in note 2.1 above. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Ind AS 101 allows first-time adopters certain exemptions/ exceptions from the retrospective application of certain requirements under Ind AS as follows:

(i) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangement based for embedded leases based on conditions in place as at the date of transition.

(ii) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible asses under development. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their Previous GAAP carrying value.

(iii) Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified as fair value through profit and loss or fair value through other comprehensive come based on facts and circumstances as at the date of transition to Ind AS i.e. April 1, 2015. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 1, 2015 and not from the date of initial recognition.

(iv) Estimates

The estimates as at April 1, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model and investments in unquoted mutual funds at fair value through profit and loss. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 the date of transition to Ind AS and as of March 31, 2016.

Notes to financial statements for the year ended March 31, 2017

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

(v) Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified as fair value through profit and loss or fair value through other comprehensive come based on facts and circumstances as at the date of transition to Ind AS i.e. April 1, 2015. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 1, 2015 and not from the date of initial recognition.

(vi) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Description	Notes to first time adoption	March 31, 2016	April 1, 2015
Total Equity as per Previous GAAP		**1,189.47**	**364.55**
Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i. Provision for expected credit loss under Ind AS 109	a	(34.92)	(145.02)
ii. Reclassification of preference shares to borrowings	b	(1,000.00)	(1,000.00)
iii. Change on account of fair value adjustments on financial instruments	b	185.91	264.20
iv. Change on account of functional currency for branches	c	5.33	-
v. Deferred tax liabilities on undistributed profits of branches	d	(216.54)	(80.74)
vi. Impact on deferred taxes on above (other than v.)	e	(52.47)	(42.41)
Total Ind-AS adjustments		**(1,112.69)**	**(1,003.97)**
Total Equity as per Ind-AS		**76.78**	**(639.42)**

Reconciliation of total comprehensive income for the year ended March 31, 2016

Description	Notes to first time adoption	March 31, 2016
Net profit after tax under Previous GAAP		**899.08**
Ind-AS Adjustments [Increase in profits/ (Decrease in profits)]		
i. Provision for expected credit loss under Ind AS 109	a	110.10
ii. Change on account of fair value adjustments on financial instruments	b	(78.29)
iii. Change on account of functional currency for branches	c	(99.69)
iv. Deferred tax liabilities on undistributed profits of branches	d	(135.80)
v. Actuarial loss transferred to OCI	f	(2.26)
vi. Net exchange difference on account of foreign operations transferred to OCI	f	17.39
v. Impact on deferred taxes on above	e	(10.21)
Net profit after tax as per Ind AS		**(198.76)**
Other Comprehensive Income (net of taxes)	g	15.88
Total Comprehensive Income as per Ind-AS		**716.20**

Notes to first time adoption

a Provision for expected credit loss under Ind AS 109

Under Previous GAAP, the Company has created provision for impairment of receivables and contract assets i.e. unbilled revenue consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. The total ECL provision amounting to Rs 145.02 considered as on the transition date has been adjusted against the retained earnings. The reversal impact of Rs 110.10 for the year ended March 31, 2016 has been credited of to the Statement of profit and loss.

b Reclassification of preference shares to borrowings and related fair value adjustments

Under Previous GAAP, the preference shares were classified under equity. Under Ind AS 32, a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Accordingly, the redeemable preference shares have been disclosed under borrowings on transition to Ind AS resulting in decrease in equity by Rs 1,000 as on March 31, 2016 (April 1, 2015 : Rs 1,000). The related fair value adjustment of Rs. 264.20 as on the transition date has been credited to the retained earnings. The fair value impact on account of interest accretion charged to the Statement of profit and loss for the year ended March 31, 2016 is Rs. 78.29.

c Functional currency of foreign branches

Ind AS 21 requires the Company to determine functional currency and measure its results and financial position in that currency. Based the assessment performed by the management, the branches are designated as autonomous business units and operating in a different currency environment whereby their functional currency can be different to the rest of the legal entity. Accordingly, the functional currency for branches operating outside India is determined to US$. The resulted impact on profit and loss items has led to a decrease of profits of Rs 99.69 for the year ended March 31, 2016 however the impact at the overall level has resulted in a increase in equity of Rs 5.33. Additionally, the cumulative currency translation differences for branches are deemed to be zero at the date of transition. This has no impact on the total equity.

d Deferred tax liabilities on undistributed profits of branches

As required under Ind AS 12, a deferred tax liability is required to be created for all temporary differences on undistributed profits of branches if the repatriation is within the control of the entity. The management intends to repatriate the branch profit to India in the foreseeable future subject to minimum required level of net assets as per the local regulation and requirements for its business plans. Accordingly, the Company has recorded deferred tax liability for undistributed profits of its branches not repatriated to India amounting to Rs. 80.74 as at the transition date which is adjusted against the retained earnings. As at March 31, 2016, the Company has recorded a deferred tax liability for Rs. 216.54 which a corresponding charge of Rs 135.80 to the Statement of profit and loss.

e Deferred tax

The various transitional adjustments have led to temporary differences and accordingly, the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

f Items transferred to Other Comprehensive Income

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. As a result of this change, the profit for the year ended

Notes to financial statements for the year ended March 31, 2017

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

March 31, 2016 has increased by Rs. 4.03. There is no impact on total equity. Further, net exchange differences on account of foreign operations are also to be taken to other comprehensive income. The impact of translation of foreign operations taken to other comprehensive income amount to Rs 17.39.

g Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the Statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and net exchange differences on account of foreign operations. The concept of other comprehensive income did not exist under the Previous GAAP.

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

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

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	Place: Pune	
Date: May 5, 2017	Date: May 5, 2017	

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 have pleasure in presenting the Eighth Annual Report of the company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	**2016-17**	**2015-2016**
Total income	**5902.65**	4786.57
Profit before depreciation	**1193.92**	649.60
Depreciation	**22.75**	19.64
Profit before tax	**1171.17**	629.96
Provision for taxation (incl. deferred tax)	**429.33**	224.00
Profit after tax	**741.84**	405.96

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs. 5902.65 lakh as against Rs. 4786.57 lakh in the previous year. Profit before tax stood at Rs. 1171.17 lakh (previous year Rs. 629.96 lakh) and profit after tax was Rs. 741.84 lakh (previous year Rs. 405.96 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.

The company completed the construction and commissioning related activities for its upcoming steam generation facility in Gujarat. This project will start commercial operations from the first quarter of financial year FY17-18 and will mark the company's entry into Gujarat and also into Pesticides as an industry segment.

The company also marked its entry into the state of West Bengal, when it secured an order for Heat Supply for a snack food manufacturer head quartered in Kolkata. Construction on this project started in the last financial year and commercial energy delivery is expected to start in the year FY 17-18.

While global crude oil remained subdued, the company has seen green shoots of change in customer's perception of energy cost trends and signs of revival in fossil fuel replacement opportunities.

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.

HEALTH AND SAFETY

The company achieved OHSAS certification in this year. The certification is a demonstration of the commitment to achieving, maintaining and improving Health and Safety Standards in the company.

For the year, the company achieved a Lost Time Injury per million man hours worked or LTIFR of 2.18. The company continues to track this and other safety indices like LTI free days and Million Safe man hours to set and achieve higher benchmarks in terms of safety in the years to come.

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.

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 company's Enterprise Risk Management process was strengthened through the year with a structured review mechanism. The company remains conscious of macro-economic changes in the global and Indian energy & environment market and takes action to mitigate the risks and maximize the opportunities therein. The actions of the last year towards expanding into newer utilities and newer geographies are beginning to show traction and the resulting diversification is improving the risk rating of the company.

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 at its meeting held on January 19, 2017 has approved 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

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Amitabha Mukhopadhyay, 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 29, 2016, July 19, 2016, October 19, 2016 and January 19, 2017 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.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Committee met four times during the year on April 29, 2016, July 19, 2016, October 19, 2016 and January 19, 2017. The Committee comprises 3 (Three) members, all being non-executive Directors namely Sanjay Parande (Chairman), Sundar Parthasarathy and Amitabha Mukhopadhyay.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 26, 2016 and January 19, 2017. The Committee comprises three members, all being non-executive Directors namely Sundar Parthasarathy (Chairman), Sanjay Parande and Hemant Mohgaonkar.

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 2" 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 Harassement of women at work place (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

M/s. B.K. Khare & Co., Chartered Accountants, retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment for a term of two years.

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 Engineering Construction Company Limited

	Amitabha Mukhopadhyay	**Hemant Mohgaonkar**
	Director	Director
Pune, April 27, 2017	Din:1806781	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 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) 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 increment / variable pay shall be decided by the holding company.

ANNEXURE 2

FORMNO.MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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	90
2	Other professional, scientific and technical activities	74909	10

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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		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
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 (01.04.2016)					
i)	Principal Amount	1119.99	-	-	1119.99
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.68	-	-	0.68
Total (i+ii+iii)		**1120.67**	-	-	**1120.67**
Change in indebtedness during the financial year					
Addition		-	-	-	-
Reduction		280.01	-	-	280.01
Net Change		**280.01**	-	-	**280.01**
Indebtedness at the end of the financial year (31.03.2017)					
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**

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	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) 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	
	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	3.40	3.40			6.80
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	**3.40**	**3.40**	-	-	**6.80**
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	--------------------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 (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	35.88	6.62	15.50	58.00
	(b) Value of perquisites u/s 17 (2) Income-tax Act,1961	1.22	0.01	0.00	1.23
	(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	-	-	-	-
	Total	**37.10**	**6.63**	**15.50**	**59.23**

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 Onsite Energy Solutions Limited

Amitabha Mukhopadhyay
Director
DIN: 1806781

Hemant Mohgaonkar
Director
DIN: 01308831

Place : Pune
Date : April 27, 2017

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, 2017, 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, 2017, 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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

      iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 25(c).

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 27, 2017

"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) The Fixed assets of the Company have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt in books of accounts.

(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 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 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 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 Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: April 27, 2017

"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, 2017 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, 2017, 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, 2017

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Balance Sheet as at March 31, 2017

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

	Note No.	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	3	**47.52**	68.80	120.63
Capital work-in-progress	3	**768.09**	-	405.85
Intangible assets	4	**0.07**	0.18	0.64
Financial assets				
(a) Other financial assets	7 (a)	**3,916.10**	4,294.41	3,402.09
Income tax assets (net)		**-**	34.47	39.50
Other non-current assets	8	**10.22**	67.33	18.57
Total non-current assets		**4,742.00**	4,465.19	3,987.28
II. Current assets				
Inventories	9	**90.82**	36.72	106.52
Financial assets				
(a) Trade receivables	5	**622.26**	355.18	290.16
(b) Cash and cash equivalents	10 (a)	**531.74**	449.15	433.73
(c) Bank balances other than (b) above	10 (b)	**375.00**	-	-
(d) Loans	6	**0.71**	-	-
(e) Other financial assets	7 (b)	**355.72**	349.32	273.00
Other current assets	11	**168.77**	254.06	161.87
Total current assets		**2,145.02**	1,444.43	1,265.28
Total		**6,887.02**	5,909.62	5,252.56
Equity and liabilities				
Equity share capital	12	**1,865.00**	1,865.00	1,865.00
Other equity	13	**1,909.28**	1,169.23	764.51
		3,774.28	3,034.23	2,629.51
I. Non-current liabilities				
Financial liabilities				
(a) Borrowings	14	**559.98**	839.99	1,120.00
(b) Other financial liabilities	16 (a)	**330.90**	247.04	195.22
Deferred Tax Liabilities (net)		**347.83**	291.75	181.86
Other non-current liabilities	18 (a)	**771.72**	601.53	375.20
		2,010.43	1,980.31	1,872.28
II. Current liabilities				
Financial liabilities				
(a) Trade payables	15			
i. total outstanding dues of micro enterprises and small enterprises		-	-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		**342.43**	240.00	186.93
(b) Other financial liabilities	16 (b)	**466.86**	548.12	469.24
Other current liabilities	18 (b)	**73.55**	71.56	94.60
Provisions	17	**43.18**	35.40	-
Current tax liabilities (net)		**176.29**	-	-
		1,102.31	895.08	750.77
Total		**6,887.02**	5,909.62	5,252.56
Summary of significant accounting policies	1-2			
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

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: April 27, 2017

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: April 27, 2017

Shrinidhi Deopujari
Company Secretary

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	Notes	March 31, 2017	March 31, 2016
Income			
Revenue from operations	19	**5,796.75**	4,707.82
Other income	20	**105.90**	78.75
Total Income (I)		**5,902.65**	4,786.57
Expenses			
Cost of raw materials and components consumed	21	**3,156.81**	2,769.96
Purchase of traded goods		**226.19**	221.28
Employee benefits expense	22	**427.32**	328.48
Finance cost	23	**125.51**	156.14
Depreciation and amortisation expense	24	**22.75**	19.64
Other Expenses	25	**772.90**	661.11
Total expenses (II)		**4,731.48**	4,156.61
Profit before tax (I-II)		**1,171.17**	629.96
Tax expense			
Current tax		**372.30**	113.50
Deferred tax		**57.03**	110.50
Total tax expense		**429.33**	224.00
Profit for the year		**741.84**	405.96
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	27	**(2.74)**	(1.85)
Less: Income tax effect		**0.95**	0.61
		(1.79)	(1.24)
Total other comprehensive income for the year, net of tax.		**(1.79)**	(1.24)
Total comprehensive income for the year		**740.05**	404.72
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2016: 10/-)] Basic and Diluted"	26	**3.98**	2.18
Summary of significant accounting policies	1-2		
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

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: April 27, 2017

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: April 27, 2017

Shrinidhi Deopujari
Company Secretary

Statement of cash flows for the year ended March 31, 2017

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

		Year Ended March 31, 2017	Year Ended March 31, 2016
A)	**Cash flows from operating activities**		
	Profit before tax	**1,171.17**	629.96
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortization	**22.75**	19.64
	Net provision for doubtful debts	**14.20**	15.80
	Unwinding discount on provisions	**15.25**	13.22
	Finance costs	**110.26**	142.92
	Loss on sale / discard of assets (net)	**-**	11.69
	Interest income	**(31.89)**	(30.46)
	Liabilities no longer required written back	**(24.47)**	(8.64)
	Working capital adjustments		
	(Increase) / Decrease in Trade Receivables	**(281.28)**	(80.82)
	(Increase) / Decrease in Inventories	**(54.10)**	69.80
	(Increase) / Decrease in Other non-current assets	**57.11**	(48.76)
	(Increase) / Decrease in Other current assets	**84.58**	(92.19)
	Increase / (Decrease) in Trade Payables	**102.43**	53.07
	Increase / (Decrease) in Other non-current liabilities	**170.19**	226.33
	Increase / (Decrease) in Provisions	**7.77**	35.40
	Increase / (Decrease) in Other non-current financial liabilities	**83.86**	51.82
	Increase / (Decrease) in Other current financial liabilities	**(63.36)**	101.19
	Increase / (Decrease) in Other current liabilities	**178.29**	(23.04)
	Cash generated from operations	**1,562.76**	1,086.93
	Direct taxes paid (net of refunds received)	**(338.78)**	(109.08)
	Net cash inflow from operating activities	**1,223.98**	977.85
B)	**Cash flows from investing activities**		
	Purchase of Fixed Assets (Net)	**(769.46)**	(4.55)
	Sale of Fixed Assets	**-**	9.61
	Change in Finance Lease Receivable (net) *	**376.20**	(562.48)
	Interest received	**31.89**	30.46
	Net cash flows used in investing activities	**(361.37)**	(526.96)
C)	**Cash flows from financing activities**		
	Repayment of Borrowings	**(280.01)**	(280.01)
	Interest paid	**(125.01)**	(155.46)
	Net cash flows used in financing activities	**(405.02)**	(435.47)
	Net increase / (decrease) in cash and cash equivalents	**457.59**	15.42
	Cash and cash equivalents at the beginning of the year	**449.15**	433.73
	Cash and cash equivalents at the end of the year	**906.74**	449.15

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

	March 31, 2017	March 31, 2016
Cash and cash equivalents (Note 10)	**906.74**	449.15
Balances as per statement of cash flows	**906.74**	449.15

* Includes movement in Finance Lease Receivables considered investing cash flow

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Reg No.1051

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: April 27, 2017

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: April 27, 2017

Shrinidhi Deopujari
Company Secretary

Notes to financial statements for the year ended March 31, 2017

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

Statement of Changes in Equity

A Equity Share Capital

	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginnning of the reporting period	12	1,865.00	1,865.00	1,865.00
Changes in equity shares capital during the year	12	-	-	-
Balance at the end of the reporting period	12	1,865.00	1,865.00	1,865.00

B Other Equity

	Reserves & Surplus		
	Retained Earnings	Other Comprehensive income	Total
As at April 1, 2015	**764.51**	**-**	**764.51**
Profit for the year	405.96	-	405.96
Other Comprehensive Income	-	(1.24)	-1.24
Total comprehensive income	**1,170.47**	**(1.24)**	**1,169.23**
Dividends paid	-	-	-
Dividend distribution tax paid	-	-	-
As at March 31, 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	**1,912.31**	**(3.03)**	**1,909.28**
Dividends paid	-	-	-
Dividend distribution tax paid	-	-	-
As at March 31, 2017	**1,912.31**	**(3.03)**	**1,909.28**

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 27, 2017. The CIN of the Company is U40109PN2009PLC134659.

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.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided in Note 36.

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.

(c) Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in the Note 36. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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.

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

Notes to financial statements for the year ended March 31, 2017
(All amounts are Rupees in Lakh, except per share data and unless stated otherwise)

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 (Note no. 37)
- Quantitative disclosures of fair value measurement hierarchy (Note no.31 (b))
- Financial instruments (Note no. 31 (a))

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.

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
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) 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.

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:

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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.

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.

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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 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.

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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.

p. 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

Notes to financial statements for the year ended March 31, 2017

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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

q. Segment Reporting

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

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

r. 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.

s. 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.

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.

t. 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.

u. 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.

v. 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 listed below. The Company intends to adopt these standards, if applicable when they become effective.

Amendments to Ind AS 102: Share-based Payment
Amendments to Ind AS 7: Statement of Cash flows

3 Property, Plant and Equipment

Particulars	Plant and Equipment	Office Equipment	Computer	Total	Capital work in progress
Cost as on April 1, 2015	**128.15**	**1.54**	**12.32**	**142.01**	
Additions	-	-	4.55	4.55	
Disposals/Adjustments	37.20	-	-	37.20	
Gross carrying amount as on March 31, 2016	**90.95**	**1.54**	**16.87**	**109.36**	
Additions	-	-	1.37	1.37	
Disposals/Adjustments	-	-	-	-	
Gross carrying amount as on March 31, 2017	**90.95**	**1.54**	**18.24**	**110.73**	
Accumulated Depreciation					
Balance as at April 1, 2015	12.74	0.16	8.48	21.38	
Charge for the year	16.37	0.10	2.71	19.18	
Disposals	-	-	-	-	
Closing accumulated depreciation as at March 31, 2016	**29.11**	**0.26**	**11.19**	**40.56**	
Charge for the year	19.21	0.10	3.33	22.65	
Disposals	-	-	-	-	
Closing accumulated depreciation as at March 31, 2017	**48.32**	**0.36**	**14.52**	**63.21**	
Net Block March 31, 2017	**42.63**	**1.17**	**3.73**	**47.52**	**768.09**
Net Block March 31, 2016	61.84	1.28	5.68	68.80	-
Net Block April 1, 2015	115.41	1.38	3.84	120.63	405.85

Note : Capital work in progress comprises Plant & Machinery under construction relating to assets to be deployed.

Notes to financial statements for the year ended March 31, 2017

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

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, 2015	**1.40**	**1.40**
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2016	**1.40**	**1.40**
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2017	**1.40**	**1.40**
Accumulated Amortisation	**0.76**	**0.76**
Amortisation charge for the year	0.46	0.46
Disposals	-	-
Closing accumulated depreciation as at March 31, 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**
Net Block March 31, 2017	**0.07**	**0.07**
Net Block March 31, 2016	0.18	0.18
Net Block April 1, 2015	0.64	0.64

5 Current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade receivables			
Secured, considered good	-	-	-
Unsecured, considered good *	**622.26**	355.18	290.16
Doubtful	**14.20**	25.87	10.07
	636.46	381.05	300.23
Less: Provision for bad and doubtful debts	**(14.20)**	(25.87)	(10.07)
Total	**622.26**	355.18	290.16

* Includes Nil at March 17 (16.44 at March 16 and 7.30 at April 15) receivable from Related parties

6 Current loans

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good			
Loans to staff and workers	**0.71**	-	-
Total	**0.71**	-	-

7 (a) Other non current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long - terms lease receivable	**3,916.10**	4,294.41	3,402.09
Total	**3,916.10**	4,294.41	3,402.09

7 (b) Other financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued on fixed deposits etc.	**6.52**	2.23	2.37
Short-term Lease Receivable	**348.14**	346.03	270.02
Security deposits	**1.06**	1.06	0.61
Total	**355.72**	349.32	273.00

Break-up of financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Receivables	**622.26**	355.18	290.16
Loans	**0.71**	-	-
Other Financial assets	**4,271.82**	4,643.73	3,675.09
Cash and cash equivalents (note 10 (a))	**531.74**	449.15	433.73
Bank balances other than cash and cash equivalents	**375.00**	-	-
Total	**5,801.53**	5,448.06	4,398.98
Current assets	**1,885.43**	1,153.65	996.89
Non-current assets	**3,916.10**	4,294.41	3,402.09
Total	**5,801.53**	5,448.06	4,398.98

8 Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Sales Tax Recoverable	**10.22**	67.33	18.57
Total	**10.22**	67.33	18.57

9 Inventories

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Valued at lower of cost and net realizable value			
Raw materials, components and bought-outs	**90.82**	36.72	106.52
Total	**90.82**	36.72	106.52

10 (a) Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and cash equivalents			
Balances with banks			
- in current accounts	**45.61**	149.15	83.73
- in deposits with original maturity of less than three months	**486.13**	300.00	350.00
Total	**531.74**	449.15	433.73

10 (b) Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deposits with original maturity of more than 3 months but less than 12 months	**375.00**	-	-
Total	**375.00**	-	-

Notes to financial statements for the year ended March 31, 2017

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

11 Other current assets

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured considered good			
Advance to supplier	**81.57**	42.91	92.76
Advances to Staff and Workers	**1.12**	2.49	-
Advance to group companies (Refer Note 30(b))	**39.47**	157.39	12.20
Prepaid Expenses	**2.56**	7.83	7.33
Balances with government authorities	**44.05**	43.44	48.06
Prepaid employee benefits	**-**	-	1.52
Total	**168.77**	254.06	161.87

12 Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
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	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	1,865.00
Total issued, subscribed and fully paid-up share capital	**1,865.00**	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 April 1, 2015	18,650,000	1,865.00
Issued during the year	-	-
At March 31, 2016	18,650,000	1,865.00
Issued during the year	-	-
At March 31, 2017	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, 2017	As at March 31, 2016	As at April 01, 2015
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	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, 2017	
%	100%
No. of shares	18,650,000
As at March 31, 2016	
%	100%
No. of shares	18,650,000
As at April 1, 2015	
%	100%
No. of shares	18,650,000

13 Other Equity

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Reserves and Surplus			
Retained earnings			
Balance as per last financial statement	**1,169.23**	764.51	655.44
Add: Profit for the year	**741.84**	405.96	109.07
Less: Re-measurements of post-employment benefit obligations, net of tax Rs. 0.95 (March 31, 2016 Rs. 0.61)]	**1.79**	1.24	-
Total	**740.05**	404.72	109.07
Net surplus in the statement of profit and loss	**1,909.28**	1,169.23	764.51
Total	**1,909.28**	1,169.23	764.51

14 Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non current borrowings			
Term loans (other than banks)			
a. Secured loan	**839.98**	1,119.99	1,400.00
Less : Current Maturities of Long term borrowings (included in note 16 (b))	**280.00**	280.00	280.00
Total non current borrowings	**559.98**	839.99	1,120.00

	Effective Interest Rate	Maturity	Terms of repayment
Term loans (other than banks)			
Term loan from TATA Capital	**10.8% - 11.1%**	5 Years	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.

Notes to financial statements for the year ended March 31, 2017

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

15 Current trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
(i) Related Parties	**8.14**	11.26	19.78
(ii) Others	**334.29**	228.74	167.15
Total	**342.43**	240.00	186.93

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, 2017	March 31, 2016	April 1, 2015
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	-	-	-

16 (a) Other non current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade deposits	**330.90**	247.04	195.22
Total	**330.90**	247.04	195.22

16 (b) Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of long-term borrowings (note 14)	**280.00**	280.00	280.00
Interest accrued but not due on loans	**0.50**	0.68	0.88
Employee related payables	**116.44**	44.91	24.93
Capital Creditors	**69.84**	222.49	163.43
Other payables	**0.08**	0.04	-
Total	**466.86**	548.12	469.24

Break up of financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Borrowings	**559.98**	839.99	1,120.00
Trade payable	**342.43**	240.00	186.93
Other liabilities	**797.76**	795.16	664.46
	1,700.17	1,875.15	1,971.39
Current liabilities	**809.29**	788.12	656.17
Non current liabilities	**890.88**	1,087.03	1,315.22
	1,700.17	1,875.15	1,971.39

17 Current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits			
Provision for Gratuity (refer note 29)	**18.00**	14.41	-
Provision for leave encashment	**25.18**	20.99	-
Total	**43.18**	35.40	-

18 (a) Other non-current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade deposits	**190.02**	225.78	174.45
Unearned revenue	**581.70**	375.75	200.75
Total	**771.72**	601.53	375.20

18 (b) Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Customer advance	**27.13**	28.93	23.20
Statutory dues and other liabilities*	**46.42**	42.63	71.40
Total	**73.55**	71.56	94.60

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

Notes to financial statements for the year ended March 31, 2017

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

19 Revenue from operations (net)

	March 31, 2017	March 31, 2016
Sale of products and services		
Sale of products *	**4,634.88**	3,636.86
Sale of services	**577.81**	557.10
Finance Income on Leased Assets	**583.21**	513.86
Other operating revenue		
Sale of scrap	**0.85**	-
Total	**0.85**	-
Revenue from operations (net)	**5,796.75**	4,707.82

* includes traded items amounting Rs. 238.09 (March 31, 2016: 233.66)

20 Other income

	March 31, 2017	March 31, 2016
Interest income from financial assets at amortised cost		
Bank deposits	**31.89**	30.46
Others	**3.88**	0.69
Liabilities no longer required written back	**24.47**	8.64
Miscellaneous income	**45.66**	38.96
Total	**105.90**	78.75

21 Cost of raw material and components consumed

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year	**36.72**	106.52
Add: Purchases *	**3,210.91**	2,700.16
	3,247.63	2,806.68
Inventories at the end of the year	**90.82**	36.72
Total	**3,156.81**	2,769.96

* includes traded items amounting Rs. 226.19 (March 31, 2016: 221.28)

22 Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	**390.22**	306.90
Contribution to provident and other funds	**24.18**	19.11
Gratuity expense (note 29)	**4.26**	-1.02
Staff welfare expenses	**8.66**	3.49
	427.32	328.48

23 Finance costs

	March 31, 2017	March 31, 2016
Interest expense	**110.26**	142.92
Unwinding of discounting	**15.25**	13.22
	125.51	156.14

24 Depreciation and amortization expense

	March 31, 2017	March 31, 2016
Depreciation of tangible assets (note 3)	**22.64**	19.18
Amortization of intangible assets (note 4)	**0.11**	0.46
	22.75	19.64

25 (a) Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spare parts	**28.27**	22.72
Power and fuel	**4.34**	4.28
Site expenses and Contract labour charges	**592.74**	504.88
Sales commission	**3.00**	-
Advertisement and sales promotion	**11.86**	6.94
Rent	**4.32**	4.22
Rates and taxes	**1.09**	1.08
Insurance	**12.90**	11.69
Repairs and maintenance		
Plant and machinery	**1.70**	0.79
Leased assets	**17.60**	-
Others	**1.53**	1.01
Travelling and conveyance	**32.67**	31.80
Legal and professional fees	**20.70**	16.94
Auditor Remuneration (refer note 25 (b))	**3.50**	3.00
Director sitting fees	**7.73**	6.99
Exchange fluctuation Loss	**0.12**	0.01
Provision for doubtful debts (net)	**14.20**	15.80
Loss on sale / discard of assets (net)	**-**	11.69
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	**14.63**	17.27
	772.90	661.11

25 (b) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit and limited review fee	**2.75**	2.25
Tax audit fee	**0.75**	0.75
In other capacity		
Taxation matters	**-**	-
Other services	**-**	-
Reimbursement of expenses	**-**	-
Total	**3.50**	3.00

25 (c) Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 :

	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	-	-

Notes to financial statements for the year ended March 31, 2017

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

Note : Company is not having policy of maintaining cash balance hence there are NIL receipt/deposit of SBN during the period specified above

26 Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the Equity shareholders of the Company	**741.84**	405.96
Weighted average number of Equity shares of Rs.10/- each	**186.50**	186.50
Basic & Diluted EPS	**3.98**	2.18

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, 2017

	Retained Earnings	Total
Re-measurement gains (losses) on defined benefit plans, net of taxes	**(1.79)**	(1.79)
Total	**(1.79)**	(1.79)

During the year ended March 31, 2016

	Retained Earnings	Total
Re-measurement gains (losses) on defined benefit plans, net of taxes	**(1.24)**	(1.24)
Total	**(1.24)**	**(1.24)**

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. 268.98 (March 31, 2016 Rs. 488.35, April 1, 2015 Rs. 690.90)

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 The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
April 1, 2015	**-**	**(1.52)**	**(1.52)**
Aquisition Adjustment *	27.55	(16.07)	11.48
Current service cost	2.04	-	2.04
Interest expense/(income)	1.65	(1.09)	0.56
Total amount recognised in Profit or Loss	**3.69**	**(1.09)**	**4.78**
Experience (gain)/loss	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	0.75	-	0.75
Return on plan assets expense/(income)	-	1.10	1.10
Total amount recognised in Other Comprehensive Income	**0.75**	**1.10**	**1.85**
Employer contributions	-	-	-
Benefits paid	-	-	-
March 31, 2016	**31.99**	**(17.58)**	**14.41**

The Company has acquired 19 employees from Thermax Limited on 1st July 2015. The company has also acquired the corresponding Gratuity Actuarial Liability of Rs. 2,755,382/- pertaining to these employees. In lieu of this liability the Company has received Rs. 3,130,736/- as a reimbursement from Thermax Ltd on 31st March 2016. From this reimbursement the Company has made a contribution of Rs 1,607,144/- to their present Gratuity fund and made the remaining contribution in the financial year 15-16.

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)	2.56	(1.36)	1.20
Total amount recognised in Profit or Loss	**5.65**	**(1.36)**	**4.29**
Experience gain/loss	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	2.57	-	-
Return on plan assets	-	0.16	0.16
Acquisition adjustments	-	-	-
Total amount recognised in Other Comprehensive Income	**2.57**	**0.16**	**2.73**
Employer contributions	-	(3.43)	(3.43)
Benefits paid	-	-	-
March 31, 2017	**40.21**	**(22.21)**	**18.00**

Notes to financial statements for the year ended March 31, 2017

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

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	40.21	31.99	-
Fair value of plan assets	(22.21)	(17.58)	(1.52)
Surplus of funded plan	**18.00**	**14.41**	**(1.52)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.20%	8.00%	N.A.
Salary growth rate	7.00%	7.00%	
Expected return on plan assets	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	5%	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, 2017	**March 31, 2016**
Discount rate		
1.00% increase	Decrease by 2.37	Decrease by 1.91
1.00% decrease	Increase by 2.67	Increase by 2.13
Future salary increase		
1.00% increase	Increase by 2.25	Increase by 1.82
1.00% decrease	Decrease by 2.04	Decrease by 1.67
Attrition Rate		
1.00% increase	Increase by 0.03	Increase by 0.10
1.00% decrease	Decrease by 0.03	Decrease by 0.11

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, 2017	March 31, 2016
Within next 12 months	2.12	1.81
Between 2-5 years	34.88	32.91
Between 5-10 years	30.23	12.81

V The major categories of plan assets are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments with Insurer (LIC OF INDIA)	100.00%	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 lne 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.13.74 (March 31, 2016 Rs. 11.06)

Notes to financial statements for the year ended March 31, 2017

(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 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

30 b. Related party transactions include transactions pertaining to the followings parties:

Particulars	March 31, 2017	March 31, 2016
Transactions during the year		
Sale of product and services		
Sale made to Thermax Limited	-	18.52
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	-	61.84
Purchase of raw material and components and services		
Purchase of Chemicals from Thermax Limited	6.30	41.60
Purchase of Capital Equipments from Thermax Limited	645.45	677.72
Reimbursement of expenses to related parties		
Reimbursement of Expenses for Common Facilities to Thermax Limited	10.30	8.86
Office Rent paid to Thermax Limited	3.60	3.60
Reimbursement of Expenses for Car Hire Charges to Thermax Limited	1.59	1.27
Reimbursement of Expenses towards Insurance and Bank Guarantee Commission to Thermax Limited	4.95	16.21
Reimbursement of Employee deputation cost to Thermax Limited	23.69	84.99
Reimbursement of Other expenses to Thermax Limited	-	3.06
Remuneration to key management personnel		
Management Remuneration (CEO)	44.18	33.13

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances as at the year end			
Trade receivables			
Trade receivables from Thermax Limited	-	16.44	7.30
Trade payables and other liabilities			
Trade payables and Capital Creditors to Thermax Limited	77.98	233.75	183.21
Advances received			
Bank Guarantee given by Thermax Limited	143.00	218.00	143.00
Loans and advances			
Advance given for purchase of Capital Equipments to Thermax Limited	39.47	157.39	12.20

III. Terms and conditions for outstanding balances

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

Notes to financial statements for the year ended March 31, 2017

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

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 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: Nil, 1 April 2015: 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.

31 a. Fair value measurements

Financial instruments by category

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets						
Other Financial Assets	4,271.82	4,643.73	3,675.09	4,271.82	4,643.73	3,675.09
Total financial assets	**4,271.82**	**4,643.73**	**3,675.09**	**4,271.82**	**4,643.73**	**3,675.09**

Note : Other Financial Assets consists of Finance Lease Receivable. 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.

31 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, 2017.

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 2017	-	-	4,271.82

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 2017	-	-	4,643.73

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 2017	-	-	3,675.09

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, 2017 and March 31, 2016.

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, 2016.

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 31,2017 and March 31,2016 including the effect of hedge accounting

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:

	Impact on profit before tax	
	March 31, 2017	March 31, 2016
Interest rate		
- Increase by 100 basis points	-9.68	-12.48
- Decrease by 100 basis points	9.68	12.48

Notes to financial statements for the year ended March 31, 2017

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

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.

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, 2017, the Company had 5 customers (March 31, 2016: 5 customers, April 1, 2015: 4 customers) that owed the Company more than Rs.104 Lakh each and accounted for approximately 83 % (March 31, 2016: 81 %, April 1, 2015: 83%) of all the receivables outstanding. There were 4 customers (March 31, 2016: 3 customers, April 1, 2015: 3 customers) with balances greater than Rs. 26 Lakh accounting for just over 17% (March 31, 2016: 19 %, April 1, 2015: 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 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, 2017	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	559.98	-	-
Trade Payables	-	412.27	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.50	-	-	-
Other payables	-	116.52	-	-	330.90

March 31, 2016	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	559.99	280.00	-
Trade Payables	-	462.49	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.68	-	-	-
Other payables	-	44.95	-	-	247.04

April 1, 2015	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	560.00	560.00	-
Trade Payables	-	350.36	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.88	-	-	-
Other payables	-	24.93	-	-	195.22

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.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	559.98	839.99	1,120.00
Trade payables	412.27	462.49	350.36
Less: Cash and cash equivalents	906.74	449.15	433.73
Net debt	**1,878.99**	**1,751.63**	**1,904.09**
Equity	**3,774.28**	**3,034.23**	**2,629.51**
Capital and net debt	**5,653.27**	**4,785.86**	**4,533.60**

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, 2017 and March 31, 2016.

34 Disclosure under Ind AS - 17 : Leases

a) Amounts payable under Finance lease (Company is a lessor)

Genral 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, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Within one year	980.06	980.46	766.85	447.57	397.25	288.46
After one year but not more than five years	3,594.22	3,730.79	2,981.83	2,087.13	1,968.95	1,498.32
More than five years	2,184.50	3,006.94	2,542.29	1,729.54	2,274.24	1,885.32
	6,758.78	**7,718.20**	**6,290.97**	**4,264.24**	**4,640.44**	**3,672.11**
Less: Unearned finance income	2,494.54	3,077.76	2,618.86	-	-	-
Present value of minimum lease payments receivable	4,264.24	4,640.44	3,672.11	4,264.24	4,640.44	3,672.11
Allowance for uncollectible lease payments	-	-	-	-	-	-
	4,264.24	**4,640.44**	**3,672.11**	**4,264.24**	**4,640.44**	**3,672.11**

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
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%**	**12.4% - 17.05%**

35 Income Taxes

The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Statement of comprehensive income

(a) Profit or Loss section

	Year ended March 31, 2017	Year ended March 31, 2016
Current income tax charge		
Current income tax	**372.30**	113.50
Deferred tax		
Relating to origination and reversal of temporary differences	**57.03**	110.50
Income tax expense reported in the statement of profit or loss	**429.33**	224.00

OCI section	**As at March 31, 2017**	As at March 31, 2016
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	**0.95**	0.61
Income tax charged to OCI	**0.95**	**0.61**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax from continuing operations	**1,171.17**	629.96
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	**405.32**	218.02
Effects of income not subject to tax	**-**	-
Effects of nondeductible business expenses	**14.68**	6.22
Effects of Tax Losses carried forward / Tax Credits		
- Write-up/Write-off of previously recognized tax benefits	**-**	-
- Deferred taxes of earlier periods recognized in current period	-	-
- Unrecognized tax benefits on tax losses	**-**	-
Other differences - Interest disallowed	**9.33**	(0.24)
At the effective tax rate of 36.66 % (March 31, 2016: 35.56%)	**429.33**	224.00
Income tax expense reported in the statement of profit or loss	**429.33**	224.00

(d) Deferred tax

	Balance Sheet			Statement of profit and loss and OCI	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Deferred tax relates to the following :					
Accelarated depreciation for tax purposes	(351.00)	(443.32)	(318.48)	92.32	(124.84)
Retirement benefit obligations	2.88	2.19	-	0.69	2.19
Minimum alternate tax	63.39	189.83	148.12	(126.44)	41.71
Write-downs for doubtful debtors	4.91	5.22	3.26	-0.31	1.96
Other provision	(68.01)	(45.67)	(14.76)	(24.24)	(32.13)
Disallowances of expenses governed by 40(a)(i) of the IT Act'1961	-	-	-	-	-
43B Disallowance	-	-	-	-	-
Deferred tax expense/ (income)	-	-	-	-	-
Net deferred tax assets/ (liabilities)	**(347.83)**	**(291.75)**	**(181.86)**	**(57.98)**	**(111.11)**

Notes to financial statements for the year ended March 31, 2017
(All amounts are Rupees in Lakh, except per share data and unless stated otherwise)

Reflected in balance sheet as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets	-	-	-
Deferred tax liabilities	**(347.83)**	(291.75)	(181.86)
Deferred tax assets / (liabilities) (net)	**(347.83)**	(291.75)	(181.86)

(e) Reconciliation of deferred tax assets / (liabilities) (net)

	March 31, 2017	March 31, 2016
Opening balance	**(291.75)**	(181.86)
Tax expense/ (income) during the period recognised in profit or loss	**(57.03)**	(110.50)
Tax expense/ (income) during the period recognised in OCI	**(0.95)**	(0.61)
Closing balance	**(347.83)**	(291.75)

36 First-time adoption

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

I Exemptions applied

a) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible asses under development.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their previous GAAP carrying value.

II Exceptions applied

a) Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

i) Impairment of financial assets based on expected credit loss model The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 the date of transition to Ind AS and as of March 31, 2016.

b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Description	Notes to first time adoption	March 31, 2016	April 1, 2015
	Total Equity as per previous GAAP		2,677.70	2,458.78
	Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i.	Discounting of Trade deposit	7	18.76	12.64
ii.	Change on account of fair value adjustments on financial instruments		-	-
iii.	Impact of Finance Lease receivables	1	509.95	240.09
iv.	Re-measurement of defined benefit plans		-	-
v.	Others		(1.85)	-
vi.	Impact on Deferred taxes of above adjustments	3	(170.33)	(82.00)
	Total Ind-AS adjustments			
	Total Equity as per Ind-AS		**3,034.23**	**2,629.51**

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Description	Notes to first time adoption	Year ended March 31, 2016
	Net profit after tax under previous GAAP (after share of loss of associate and minority interest)		218.93
	Ind AS adjustments [Increase in profits / (decrease in profits)]		
i.	Actuarial loss transferred to OCI		-
ii.	Discounting of Trade deposit	7	6.12
iii.	Change on account of fair value adjustments on financial instruments		-
iv.	Impact of Finance Lease receivables	1	269.85
v.	Tax impact of above adjustments	3	(88.94)
	Total of adjustments		187.03
	Net Profit after tax as per Ind-AS		405.96
	Other Comprehensive Income (net of taxes)	5	1.24
	Total Comprehensive Income as per Ind-AS		**404.72**

Notes to financial statements for the year ended March 31, 2017

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

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP	Adjust-ments	Ind AS
Net cash flows from operating activities		1,256.49	(278.64)	977.85
Net cash flows from investing activities		(818.14)	291.18	(526.96)
Net cash flows from financing activities		(422.93)	(12.54)	(435.47)
Net increase/(decrease) in cash and cash equivalents		15.42	-	15.42
Cash and cash equivalents as at April 1, 2015		433.73	-	433.73
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents as at March 31, 2016		449.15	-	449.15

Notes to first-time adoption

1 Financial Assets - Lease Receivable

Under Indian GAAP, Property, plant and equipment included assets given on lease. Under Ind-AS, these leased assets were de-recognised and were recorded at amortized cost as Finance lease receivables. This resulted in an impact of Rs. 509.95 as at March 31, 2016 (April 1, 2015 Rs. 240.09) on total equity and Rs. 269.85 on profit for the year ended March 31, 2016.

2 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost recognised in Other Comprehensive Income is Rs. 1.85 as at March 31, 2016 (net of tax Rs. 1.24).

3 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of Rs 170.33 Lakh as at March 31, 2016 (April 1, 2015 Rs. 82.00 Lakh) and Rs. 88.94 on profit for the year ended March 31, 2016.

4 Provisions

Under Indian GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.

5 Other comprehensive income

Under Indian GAAP, the Company had not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

6 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows, other than reclassification of cash flows from operating to investing activities.

7 Financial Liabilities

Under Indian GAAP, Financial liabilities are recorded at the transaction value. Under Ind-AS, these liabilities are recorded at amortized cost using effective interest rate method. Interest-free security deposits have been discounted using market rates of interest as required under Ind-AS and recorded at Fair Value as on the transition date. This resulted in an impact of Rs. 18.76 as at March 31, 2016 (April 1, 2015 Rs. 12.64) on total equity and Rs. 6.12 on profit for the year ended March 31, 2016.**37.**

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. Evaluation of Embedded lease

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 arrangements is dependent on the use of specific assets and the arrangement conveys to customers a right to use these specific assets. Accordingly, these arrangements qualify as arrangements in the form of 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.

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 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.

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.

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 present the Twenty-ninth Annual Report of the company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2016-17	2015-2016
Total Income	**22.33**	24.32
Profit before depreciation	**7.90**	(6.17)
Depreciation	**-**	-
Profit / (Loss) before tax	**7.90**	(6.17)
Provision for taxation including deferred tax	**-**	-
Prior year tax adjustment	**-**	-
Profit / (Loss) after tax	**7.90**	(6.17)

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 four 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, 2017.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the company did not give any loan or make 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

Amit Atre resigned on January 12, 2017 and Shailesh Nadkarni has been appointed as an additional director on April 12, 2017 to hold office up to this Annual General Meeting (AGM). The proposal of his appointment as a Director is put forth for the consideration of the members at this AGM.

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

BOARD MEETINGS

The Board met five times on May 05, 2016, July 19, 2016, October 19, 2016, December 20, 2016 and January 19, 2017 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

COMPANY SECRETARY

Rohit Gokhale resigned as the Company Secretary of your company with effect from June 9, 2016. Amol Phadke is appointed as the Company Secretary with effect from December 20, 2016.

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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- Due to unviability of the business the Directors have prepared the annual accounts on not a going concern basis; and
- 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 are 'no' transactions in foreign exchange to report.

PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managarial 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 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

The term of M/s. B. K. Khare & Co., Chartered Accountants, expires as the 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

	Hemant Mohgaonkar	M.S Unnikrishnan
Place: Pune	Director	Director
Date: May 10, 2017	DIN: 01308831	DIN: 01460245

ANNEXURE 1

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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	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 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		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
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 (01.04.2016)					
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 (31.03.2017)					
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**

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	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) 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(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					
	Directors	Hemant Mohgaonkar	M. S. Unnikrishnan	Shailesh Nadkarni (w.e.f 12.04.2017)	Amit Atre (11.03.2016 to 12.01.2017)	
	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) Income-taxAct,1961	
	(c) Profits in lieu of salary under section 17(3) Income-taxAct,1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - as % of profit - Others, specify	
5.	Others, please specify	
	Total	

VII. PANALTIES / 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 Sustainable Energy Solutions Limited

M. S. Unnikrishnan	**Hemant Mohgaonkar**
Director	Director
DIN: 01460245	DIN: 01308831

Place : Pune
Date : May 10, 2017

Independent Auditor's Report

To the Members of ***Thermax Sustainable Energy Solutions Limited.***

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Thermax Sustainable Energy Solutions Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2017, 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, 2017, 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, 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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

      iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 4(c).

For **B. K. Khare& Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date: May 10, 2017

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 Company since 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 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 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: May 10, 2017

ANNEXURE II

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, 2017 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, 2017, 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: May 10, 2017

Balance Sheet as at March 31, 2017

(All amounts in Rupees Lakh, unless otherwise stated)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I. Non-current assets				
Income tax Assets (Net)	3	201.06	200.83	203.92
Total Non-current Assets		**201.06**	**200.83**	**203.92**
II. Current assets				
Current financial assets				
(a) Cash and cash equivalent	4 (a)	66.91	65.98	3.75
(b) Bank balances other than (a) above	4 (b)	117.07	108.42	166.27
(c) Loans and advances	5	0.25	1.00	0.25
(d) Other financial assets	6	7.24	7.64	11.42
Other current assets	7	6.44	6.44	14.35
Total Current Assets		**197.91**	**189.48**	**196.04**
Total		**398.97**	**390.31**	**399.96**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	8	475.00	475.00	475.00
Other equity	9	(867.69)	(875.60)	(869.44)
		(392.69)	**(400.60)**	**(394.44)**
LIABILITIES				
I. Non-current liabilities				
Financial liabilities				
(a) Borrowings	10	400.00	400.00	400.00
		400.00	**400.00**	**400.00**
II. Current liabilities				
Financial liabilities				
(a) Borrowings	11	338.44	338.44	338.44
(b) Trade and other payables	12	4.77	4.82	6.79
(c) Other current financial liabilities	13	0.01	0.01	0.01
Provisions	14	5.54	4.86	4.70
Other current liabilities	15	42.90	42.78	44.46
		391.66	**390.91**	**394.40**
Total Equity and Liabilities		**398.97**	**390.31**	**399.96**
Summary of significant accounting policies	2.1			

As per our report of even date

Statement of profit and loss for the year ended March 31, 2017

(All amounts in Rupees Lakh, unless otherwise stated)

Particulars	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from operations		-	-
Other income	16	22.33	24.32
Total Income		**22.33**	**24.32**
Expenses			
Employee benefits expense	17	13.02	11.94
Other Expenses	18	1.41	18.55
Total expenses		**14.43**	**30.49**
Profit before tax		**7.90**	**(6.17)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		**-**	**-**
Profit for the year from Discountinued Operations		**7.90**	**(6.17)**
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 from Discountinued Operations		**7.90**	**(6.17)**
Earning per equity share [nominal value per share Rs.10/- (March 31, 2016: Rs.10/-)]			
Basic & Diluted	19	0.17	(0.13)
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 : 10th May 2017

Place: Pune
Date : 10th May 2017

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 : 10th May 2017

Place: Pune
Date : 10th May 2017

Notes to financial statements for the year ended March 31, 2017

(All amounts in 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 27, 2017. 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 2017, have been prepared on 'Not a Going Concern' basis.

Subject to above 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.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, these being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101.

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.

(c) Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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.

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:

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Lakh, unless otherwise stated)

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, 2017	As at March 31, 2016	As at April 1, 2015
Advance Payment of Income Tax and Wealth Tax Non Current	201.06	200.83	203.92
Total	**201.06**	**200.83**	**203.92**

4. (a) Cash and bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Balances with banks			
- on current accounts	66.91	65.98	3.75
Total	**66.91**	**65.98**	**3.75**

4 (b) Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with original maturity of more than 3 months but less than 12 months	117.07	108.42	166.27
Total	**117.07**	**108.42**	**166.27**

4 (c) Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 :-

	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	-	-	-

Note : Company is not having policy of maintaining cash balance hence there are NIL receipt/deposit of SBN during the period specified above

5. Current loans and advances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Loans to staff and workers	-	0.75	-
Security deposits	0.25	0.25	0.25
Total	**0.25**	**1.00**	**0.25**

6. Other financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued on fixed deposits etc.	7.24	7.64	11.42
Total	**7.24**	**7.64**	**11.42**

7. Other Current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid Expenses	-	-	7.50
Others	6.44	6.44	6.85
Total	**6.44**	**6.44**	**14.35**

8. Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares (Nos)			
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00	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	475.00
Total issued, subscribed and fully paid-up share capital	**475.00**	**475.00**	**475.00**

(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 April 1, 2015	4,750,000	475.00
Issued during the year	-	-
At March 31, 2016	4,750,000	475.00
Issued during the year	-	-
At March 31, 2017	4,750,000	475.00

(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 ultimate holding / holding company

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Holding company			
Thermax Limited, India			
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00	475.00

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Lakh, unless otherwise stated)

(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, 2017	
%	100%
No. of shares	4,750,000
As at March 31, 2016	
%	100%
No. of shares	4,750,000
As at April 1, 2015	
%	100%
No. of shares	4,750,000

9. Other Equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
General reserve			
Balance as per last financial statement	162.52	162.52	162.52
Less: Impact of change in rate of depreciation	-	-	-
Closing balance	**162.52**	**162.52**	**162.52**
Surplus in Statement of profit and loss			
Balance as per last financial statement	**(1038.11)**	**(1031.95)**	**(939.75)**
Add: Profit for the year	7.90	(6.17)	(92.21)
Net surplus in the Statement of profit and loss	**(1030.21)**	**(1038.12)**	**(1031.96)**
Total	**(867.69)**	**(875.60)**	**(869.44)**

10. Long Term Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans (other than banks)			
a. Preference Shares	400.00	400.00	400.00
Total	**400.00**	**400.00**	**400.00**
The above amount includes			
Amount disclosed under the head "Other current liabilities"	-	-	-
Net amount	**400.00**	**400.00**	**400.00**

11. Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Others	338.44	338.44	338.44
	338.44	**338.44**	**338.44**

12. Trade payables and other liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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	4.77	4.82	6.79
	4.77	**4.82**	**6.79**

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, 2017	As at March 31, 2016	As at April 1, 2015
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	-	-	-

13. Other short term financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee related payables	0.01	0.01	0.01
Total	**0.01**	**0.01**	**0.01**

14. Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for gratuity	4.45	4.02	3.74
Provision for leave encashment	1.09	0.84	0.96
Total	**5.54**	**4.86**	**4.70**

15. Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Revenue received in advance	42.61	42.61	42.61
Statutory dues and other liabilities	0.29	0.17	1.85
Total	**42.90**	**42.78**	**44.46**

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Lakh, unless otherwise stated)

16. Other income

	March 31, 2017	March 31, 2016
Interest income		
Bank deposits	9.94	12.27
Others	0.04	0.16
Miscellaneous income	12.35	11.89
Total	**22.33**	**24.32**

17. Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	11.23	10.38
Contribution to provident and other funds	1.33	1.28
Gratuity expense	0.43	0.28
Staff welfare expenses	0.03	-
Total	**13.02**	**11.94**

18 (a) Other expenses

	March 31, 2017	March 31, 2016
Rates and taxes	0.03	0.03
Legal and professional fees	0.68	17.82
Payment to auditor (refer details below)	0.70	0.70
Total	**1.41**	**18.55**

18 (b) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit and limited review fee	0.70	0.70
Tax audit fee	-	-
In other capacity		
Taxation matters	-	-
Other services	-	-
Reimbursement of expenses	-	-
Total	**0.70**	**0.70**

19. Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the Equity shareholders of the Company	7.90	(6.17)
Weighted average number of Equity shares of Rs.10/- each	4,750,000	4,750,000
Basic & Diluted EPS	0.17	(0.13)

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. 120 Lakh (Previous Year : Rs. 96 Lakh)

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 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

B Key Management Personnel:

1. Mr. M S Unnikrishnan - Non Executive Director
2. Mr. Hemant Mahagaonkar- Non Executive Director
3. Mr. Amol Anil Phadke- Company Secretary (From December 20, 2016)
4. Mr. Rohit Gokhale- Company Secretary (Upto June 09, 2016)
5. Mr. Amit Atre- Non Executive Director (Upto January 12, 2017)

C Related party transactions include transactions pertaining to the followings parties:

Particulars	March 31, 2017	March 31, 2016
Transactions during the year		
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	12.35	11.89

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances as at the year end			
Trade payables and other liabilities			
Trade payables to Thermax Limited	1.75	1.75	1.76
Loans and advances			
Loan and Accrued Interest payable to Thermax Limited	338.44	338.44	338.44

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Lakh, unless otherwise stated)

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 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: Nil, 1 April 2015: 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, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Other Financial Assets	7.24	7.64	11.42	7.24	7.64	11.42
Total financial assets	**7.24**	**7.64**	**11.42**	**7.24**	**7.64**	**11.42**

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, 2017

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 17	-	-	7.24

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 17	-	-	7.64

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 17	-	-	11.42

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.

(ii) 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, 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	-	-	-

March 31, 2016	**On demand**	**< 1 year**	**1 to 3 years**	**3 to 5 years**	**> 5 years**
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	4.82	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

April 31, 2015	**On demand**	**< 1 year**	**1 to 3 years**	**3 to 5 years**	**> 5 years**
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	6.79	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Lakh, unless otherwise stated)

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.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	738.44	738.44	738.44
Trade payables	4.77	4.82	6.79
Less: Cash and cash equivalents	(66.91)	(65.98)	(3.75)
Net debt	**676.30**	**677.28**	**741.48**
Equity	**(392.69)**	**(400.60)**	**(394.44)**
Capital and net debt	**283.61**	**276.68**	**347.04**

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, 2017 and March 31, 2016.

Cash flow statement for the year ended March 31, 2017

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

Particulars	Note no.	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Cash flows from operating activities			
Profit before tax		7.90	(6.17)
Adjustments to reconcile profit before tax to net cash flows			
Interest income		(9.94)	(12.27)
Working capital adjustments			
(Increase) / Decrease in Other current financial assets		(0.25)	68.53
(Increase) / Decrease in Other current assets		-	7.91
Increase / (Decrease) in Trade Payables		(0.05)	(1.97)
Increase / (Decrease) in Provisions		0.68	0.16
Increase / (Decrease) in Other current liabilities		0.12	(1.68)
Cash generated from operations		**(1.54)**	**54.51**
Direct taxes paid (net of refunds received)		(0.23)	3.09
Net cash inflow from operating activities		**(1.77)**	**57.60**
B) Cash flows from investing activities			
Interest received		2.70	4.63
Net cash flows used in investing activities		**2.70**	**4.63**
Net increase / (decrease) in cash and cash equivalents		**0.93**	**62.23**
Cash and cash equivalents at the beginning of the year		65.98	3.75
Cash and cash equivalents at the end of the year		**66.91**	**65.98**

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

	March 31, 2017	March 31, 2016
Cash and cash equivalents (Note 4)	66.91	65.98
Balances as per statement of cash flows	**66.91**	**65.98**

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date : 10th May 2017

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 : 10th May 2017

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Board of Directors

Ravinder Advani
Amitabha Mukhopadhyay
Dr. Wolf Cornelius
Torsten Andersch
Sundar Parthasarathy
(Independent Director)
Sanjay Parande
(Independent Director)

Key Managerial Personnel

Mahesh Kulkarni (Manager)
Ravi Shewade (Manager)
Mahesh Kakade
(Company Secretary)

Registered Office

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

Corporate Office

Energy House, D-II Block, Plot No. 38&39,
MIDC, Chinchwad,
Pune 411019

Auditors

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

Bankers

Corporation Bank
Axis Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present their Seventh Annual Report of the company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	**2016-17**	2015-16
Total income	**2779.89**	4594.68
Profit/(Loss) before depreciation	**21.23**	6.07
Depreciation	**3.25**	3.04
Profit/(Loss) before tax	**17.98**	3.03
Provision for taxation (incl. deferred tax)	**5.00**	-
Profit/(Loss) after tax	**12.98**	3.03

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.

During the year, as a part of business restructuring, the foreign JV partner, SPX has sold out their shareholding in Company to 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. Looking at ongoing water shortage during the year in India, your company feels that the ACC will witness increased demand and it will provide a sustainable business to the company. In addition to this product the company can also offer the products like electrostatic precipitators (ESP), Bag Houses, Rotary Air Pre-Heaters (RAPHs) to various boiler OEMs as and when private players become active in power generation market.

During the year, the company earned a total income of Rs. 2779.89 Lakh as against Rs. 4594.68 Lakh in the previous year. Income after tax was Rs. 12.98 Lakh as against previous year's income after tax of Rs. 3.03 Lakh. During the year, the company exported large consignments of ACCs and also completed supplies of one ACC to a major OEM in India.

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.

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, 2017.

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 plakhe for effective risk identification, review and mitigation. The company will continue to actively monitor and strengthen its risk management framework.

The company has also installed a fully integrated online platform to track and monitor statutory compliances.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal 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 at its meeting held on January 18, 2017 has approved a 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

Mr. Pheroz Pudumjee, Chairman of the Company has stepped down from the directorship of your company with effect from January 10, 2017. Mr. Vivek Dhir has ceased as Director of your company with effect from December 30, 2016 due to transfer of shares.

Dr. Wolf Cornelius and Mr. Amitabha Mukhopadhyay have been inducted on the Board of the company as an Additional Director with effect from December 30, 2016 and January 18, 2017 respectively. Both Directors will hold the office till the ensuing Annual General Meeting in accordance with the provisions of Section 161 of the Companies Act, 2013.

Currently, the Board of the company comprises six directors – four 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.

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 four times on April 29, 2016, July 26, 2016, October 18, 2016, and January 18, 2017. 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.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee met four times during the year on April 29, 2016, July 26, 2016, October 18, 2016, and January 18, 2017. The Committee comprises 3 (Three) members, all being non-executive Directors namely Sanjay Parande, Sundar Parthasarathy and Mr. Hans Torsten Andersch.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 26, 2016 and January 18, 2017. The Committee comprises three members, all being non-executive Directors namely Sundar Parthasarathy, Sanjay Parande and Mr. Hans Torsten Andersch.

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 plakhed 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 parts of this report.

CONSERVATION OF ENERGY

Your Company is in the business of supply of Air Cooled Condenser and Electrostatic Precipitator and Rotary Air Pre-heaters which helps the Company’s customers to reduce water consumption, particulate emission and reduction in fuel requirement 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-Mar-17**	31-Mar-16
Earnings		
Reimbursement of Expenses	**0.00**	5 .12
Expenditure		
Royalty	**0.00**	73.06
Capital Expenditure	**0.00**	0.94
Net	**0.00**	(68.89)

PARTICULAR OF EMPLYOEES

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 WORKPLakhE (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, retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

The Directors wish to plakhe 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**
Director	Director
DIN: 01677195	DIN: 1806781

Place : Pune
Date : May 16, 2017

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

FORMNO.MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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	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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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**

	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	-	19999995	19999995	100	-	19999995	19999995	100	
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									
- Foreign Bodies Corporate					NIL				
- 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 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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	51%
2	Balcke-Dürr GmbH	5200000	26%	NIL	5200000	26%	NIL	26%
3	Mutares Holding-24 AG	4600000	23%	NIL	4600000	26%	NIL	23%
	Total	**19999995**	**100%**	**NIL**	**19999995**	**100%**	**NIL**	**100%**

(iii) Change in Promoters' Shareholding:

Sl No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
1	**SPX Mauritius Limited**	**No. of Shares**	**% of total Shares of the Company**	**No. of Shares**	**% of total Shares of the Company**
	At the beginning of the year	4600000	23%	0	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): On 18th June 2015 due to transfer of Shares holding of promoters has been changed	Transfer			
	At the end of the year	4600000	23%	0	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 (01-04-2016to 31-03-2017)	
		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

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		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------------------------------------								

VI. 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 (01.04.2016)		----------------------------------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 (31.03.2017)					
i)	Principal Amount				
ii)	Interest due but not paid				
iii)	Interest accrued but not due				
Total (i+ii+iii)					

VII. 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 containedinsection17(1) of the Income-tax Act, 1961	23.43	23.61	47.04
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	0.08	0.14	0.21
	(c) Profits in lieu of salary undersection17(3)Income- taxAct,1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit	0	0	0
	- others, specify…	0	0	0
5	Others, please specify (Retrial Benefits)	0	0	0
	Total (A)	23.51	23.75	47.26
	Ceiling as per the Act	84		

B. Remuneration to other Directors:

Amount in Rs. Lakh

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	**Sanjay Parande**		**Sunder Parthasarathy**		
	Fee for attending board / committee meetings	3.19		3.19		6.38
	Commission	-		-		-
	Others, please specify	-		-		-
	Total(1)	3.19		3.19		6.38
2.	Other Non-Executive Directors					
	Directors	**Ravinder Advani**	**Amitabha Mukhopadhyay**	**Dr. Wolf Cornelius**	**Torsten Andersch**	**Total Amount**
	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		Total Amount in Rs. Lakh
		Company Secretary (Mahesh Kakade)	**Chief Financial Officer (Manohar Kansara)**	
1.	Gross salary			
(a)	Salary as per provisions contained in section17(1)of the Income-tax Act,1961	8.89	11.82	20.71
(b)	Value of perquisites u/s 17(2)Income-taxAct,1961	0.03	0	0.03
(c)	Profits in lieu of salary under section 17(3)Income-taxAct,1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as% of profit			
	- Others, specify			
5.	Others, please specify (Retrial Benefits)	0	0	0
	Total	**8.92**	**11.82**	**20.74**

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: 1806781

Place : Pune
Date : May 16, 2017

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, 2017, 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 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, 2017, 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

- 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.
- As required by section 143 (3) of the Act, we report that:
- 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;
- 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
- 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;
- 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;
- On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
- 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;
- 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:
- The Company does not have any pending litigations which would impact its financial position;
- 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,
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 24(c).

For B. K. Khare& Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Pune
May 16, 2017

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 and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to excise 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, sales-tax, value added 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, there are no dues of income-tax, 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 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

Pune
May 16, 2017

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, 2017 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, 2017, 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

Pune
May 16, 2017

Balance Sheet as at March 31, 2017

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

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	3	**5.32**	5.86	5.27
Intangible assets	4	**1.33**	2.23	1.89
Financial assets				
(a) Trade receivables	6 (a)	**-**	-	1.50
(b) Loans	7 (a)	**30.42**	30.42	30.42
Income tax assets (net)	28	**24.58**	22.20	20.56
Other non-current assets	9	**2.87**	1.14	2.65
Total non-current assets		**64.52**	61.85	62.29
II. Current assets				
Inventories	10	**-**	60.65	110.24
Financial assets				
(a) Investments	5	**437.31**	120.69	226.07
(b) Trade receivables	6 (b)	**1,326.17**	1,613.79	48.42
(c) Cash and cash equivalents	11 (a)	**343.06**	101.92	27.37
(d) Bank balances other than (c) above	11 (b)	**500.00**	1,000.00	1,170.00
(e) Loans	7 (b)	**1.45**	1.84	2.26
(f) Other financial assets	8	**1.60**	-	8.13
Other current assets	12	**52.37**	493.23	345.18
Total current assets		**2,661.96**	3,392.12	1,937.67
Total		**2,726.48**	3,453.97	1,999.96
III. Equity and liabilities				
Equity share capital	13	**2,000.00**	2,000.00	2,000.00
Other equity	14	**(1,021.80)**	(1,044.65)	(1,036.88)
		978.20	955.35	963.12
IV. Current liabilities				
Financial liabilities				
(a) Trade payables	15			
i. total outstanding dues of micro enterprises and small enterprises		**511.08**	902.98	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		**236.65**	675.56	370.94
(b) Other current financial liabilities	16	**39.68**	55.86	29.53
Other current liabilities	18	**865.43**	791.57	501.88
Provisions	17	**95.44**	72.65	134.49
		1,748.28	2,498.62	1,036.84
Total		**2,726.48**	3,453.97	1,999.96
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.

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	**Notes**	**March 31, 2017**	**March 31, 2016**
Income			
Revenue from operations	19	**2,600.47**	4,376.74
Other income	20 (a)	**108.31**	112.38
Finance Income	20 (b)	**71.10**	105.56
Total Income (I)		**2,779.88**	4,594.68
Expenses			
Cost of raw materials and components consumed	21	**2,312.20**	3,965.60
Employee benefits expense	22	**289.90**	319.80
Depreciation and amortisation expense	23	**3.25**	3.04
Other Expenses	24 (a)	**156.55**	303.21
Total expenses (II)		**2,761.90**	4,591.65
Profit before exceptional items and tax [(I) - (II)]		**17.98**	3.03
Less: Exceptional items		**-**	-
Profit before tax (I-II)		**17.98**	3.03
Tax expense			
Current tax		**5.00**	-
Total tax expense		**5.00**	-
Profit for the year		**12.98**	3.03
Other comprehensive income			
A. Items that may be reclassified to profit or loss			
Net movement on Cash Flow Hedge	26	**10.07**	(10.07)
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	26	**(0.20)**	(0.72)
Total other comprehensive income for the year, net of tax.		**9.87**	(10.79)
Total comprehensive income for the year		**22.85**	(7.76)
"Earning per equity share [Nominal value per share Rs.10/- (March 31, 2016: 10/-)] Basic and Diluted"	25	**0.06**	0.02
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.
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Pune
May 16, 2017

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	**Sanjay Parande** Director DIN: 07161299
Mahesh Kulkarni Manager	**Ravi Shewade** Manager	**Mahesh Kakade** Company Secretary ACS 27897

Pune
May 16, 2017

Cash flow statement for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except stated otherwise)

	Year Ended March 31, 2017	Year Ended March 31, 2016
A) Cash flows from operating activities		
Profit before tax	**17.98**	3.03
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	**3.25**	3.04
Liabilities no longer required written back	**(98.55)**	(82.98)
Interest income	**(71.10)**	(105.56)
Dividend income classified as investing cash flows	**(7.57)**	(21.62)
Working capital adjustments		
(Increase) / Decrease in Trade Receivables	**287.62**	(1,563.87)
(Increase) / Decrease in Inventories	**60.65**	49.59
(Increase) / Decrease in Other non-current assets	**(1.73)**	1.51
(Increase) / Decrease in Other current financial assets	**(1.21)**	8.55
(Increase) / Decrease in Other current assets	**440.86**	(148.05)
Increase / (Decrease) in Trade Payables	**(732.26)**	1,290.58
Increase / (Decrease) in Other current liabilities	**73.86**	289.69
Increase / (Decrease) in Provisions	**22.59**	(61.10)
Increase / (Decrease) in Other current financial liabilities	**(6.11)**	16.26
Cash generated from operations	**(11.32)**	(320.93)
Direct taxes paid (net of refunds received)	**(7.37)**	(1.64)
Net cash inflow from operating activities	**(19.09)**	(324.02)
B) Cash flows from investing activities		
Purchase of Fixed Assets	**(1.81)**	(3.99)
(Purchase) /Sale of other Investments	**(316.62)**	105.38
Interest/dividend/brokerage received	**78.67**	127.18
Increase/ (decrease) in other current interest bearing deposit	**500.00**	170.00
Net cash flows used in investing activities	**260.24**	398.57
C) Cash flows from financing activities	**-**	-
Net cash flows used in financing activities	**-**	-
Net increase / (decrease) in cash and cash equivalents	**241.15**	75.99
Cash and cash equivalents at the beginning of the year	**101.92**	27.37
Cash and cash equivalents at the end of the year	**343.06**	101.92

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

	March 31, 2017	March 31, 2016
Cash and cash equivalents (Note 11)	**343.06**	101.92
Balances as per Cash flow statement	**343.06**	101.92

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

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DIN: 01677195

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Mahesh Kulkarni
Manager

Ravi Shewade
Manager

Mahesh Kakade
Company Secretary
ACS 27897

Pune
May 16, 2017

Pune
May 16, 2017

Statement of changes in Equity for the year ended March 31, 2017
(All amounts are in Rupees in Lakh, except per share data and unless stated otherwise)

Statement of changes in Equity

A Equity Share Capital

	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginnning of the reporting period	2,000.00	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**	**2,000.00**

B Other Equity

	Reserves & Surplus	Items of OCI	
	Retained Earnings	Effective portion of cash flow hedge	Total Equity
As at April 1, 2015	**(1,036.88)**	**-**	**(1,036.88)**
Profit for the year	3.03	-	3.03
Other Comprehensive Income	(0.72)	(10.07)	(10.79)
Total comprehensive income	**(1,034.57)**	**(10.07)**	**(1,044.64)**
As at March 31, 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)**	**-**	**(1,021.79)**
As at March 31, 2017	**(1,021.79)**	**-**	**(1,021.79)**

Notes to financial statements for the year ended March 31, 2017

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

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 16, 2017. 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.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, these being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided in Note 36.

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 Lakh except when otherwise indicated.

(c) Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in the Note 36. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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:

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

- 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.

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.

Notes to financial statements for the year ended March 31, 2017

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

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 categoryLife	**(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 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 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 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 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.

Notes to financial statements for the year ended March 31, 2017
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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.

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) 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.

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

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.

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 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 2017, 31st March 2016 & 1st April 2015.

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

Notes to financial statements for the year ended March 31, 2017

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

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

Amendments issued to existing standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable when they become effective.

Amendments to Ind AS 102: Share-based Payment

Amendments to Ind AS 7: Statement of Cash flows

3 Property, plant and equipment

Particulars	Computer	Office Equipments	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Deemed cost as at April 1, 2015	**0.96**	**0.03**	**0.02**	**1.31**	**2.94**	**5.27**
Additions	2.79	-	-	-	-	2.79
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2016	**3.75**	**0.03**	**0.02**	**1.31**	**2.94**	**8.06**
Additions	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						
Charge for the year	0.49	-	-	0.58	1.13	2.19
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 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**
Net Block March 31, 2017	**4.44**	**0.03**	**0.02**	**0.16**	**0.68**	**5.32**
Net Block March 31, 2016	**3.27**	**0.03**	**0.02**	**0.74**	**1.81**	**5.86**
Net Block April 1, 2015	**0.96**	**0.03**	**0.02**	**1.31**	**2.94**	**5.27**

Notes to financial statements for the year ended March 31, 2017

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

4 Intangible Assets

The following tables present the reconciliation of changes in carrying value of Intangible assets :

	Computer Software	Total
Deemed cost as on April 1, 2015	**1.89**	**1.89**
Additions	1.20	1.20
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2016	**3.09**	**3.09**
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2017	**3.09**	**3.09**
Accumulated Amortisation		
Amortisation charge for the year	0.85	0.85
Disposals	-	-
Closing accumulated depreciation as at March 31, 2016	**0.85**	**0.85**
Amortisation charge for the year	0.90	0.90
Disposals	-	-
Closing accumulated depreciation as at March 31, 2017	**1.75**	**1.75**
Net Block March 31, 2017	**1.33**	**1.33**
Net Block March 31, 2016	**2.23**	**2.23**
Net Block April 1, 2015	**1.89**	**1.89**

5. Current Investments

	Face value per Unit	Number of Units			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Investments in Mutual Funds :							
Investments at Fair value through Profit and Loss							
Liquid/ Liquid Plus and Duration funds (unquoted)							
(i) 3321.3124 (Previous Year: 210.2681) units of Kotak Liquid Scheme Plan A - Dividend re-investment	10.00	3,321.31	210.27	5,092.05	40.61	2.57	62.27
(ii) 21754.326 (Previous Year: 38321.642) units of ICICI Prudential Money Market Fund - Dividend Reinvestment	10.00	21,754.33	38,321.64	81,661.48	21.79	38.38	81.78
(iii) 4243.278 (Previous Year: 1043.146) units of UTI Liquid Cash Institutional Daily dividend plan - Dividend re-investment	10.00	4,243.28	1,043.15	8,045.71	43.26	10.63	82.02
(iv) 3335.370 (Previous Year: Nil) units of Tata Liquid Fund Direct Growth Plan	10.00	3,335.37	-	-	100.00	-	-
(v) 3903.446 (Previous Year: Nil) units of Tata Money Market Fund - Direct Growth Plan	10.00	3,903.45	-	-	100.00	-	-
(vi) 131622.865 (Previous Year: 69089.280) units of BSL Floating Rate Fund Short Term Daily dividend plan - Dividend re-investment	10.00	131,622.87	69,089.28	-	131.65	69.10	-
Total Current Investments					437.31	120.69	226.07
Aggregate amount of quoted investments and market value thereof					437.31	120.69	226.07
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. Refer note 2.2 (c) for determination of their fair values.							

Notes to financial statements for the year ended March 31, 2017

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

6 (a) Non current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	-	-	1.50
Receivables from related parties	-	-	-
Doubtful	-	-	-
Total receivables	-	-	1.50
Break-up of security details			
Secured, considered good	-	-	-
Unsecured, considered good	-	-	1.50
Doubtful	-	-	-
	-	-	1.50
Less: Provision for Bad & Doubtful Debts	-	-	-
Total	-	-	1.50

6 (b) Current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	**1,006.54**	273.19	15.22
Receivables from related parties	**319.63**	1,340.60	33.20
Doubtful	-	-	-
Total receivables	**1,326.17**	1,613.79	48.42
Break-up of security details			
Secured, considered good	-	-	-
Unsecured, considered good	**1,326.17**	1,613.79	48.42
Doubtful	-	-	-
Less: Provision for Bad & Doubtful Debts	**1,326.17**	1,613.79	48.42
Total	**1,326.17**	1,613.79	48.42

7 (a) Non-current loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Security deposits*	**30.42**	30.42	30.42
Total	**30.42**	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, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Loans to staff and workers*	**1.45**	1.84	2.23
Security deposits	-	-	0.03
Total	**1.45**	1.84	2.26

*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, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued on fixed deposits.	-	-	1.59
Unbilled revenue	**1.60**	-	6.54
Total	**1.60**	-	8.13

9 Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Sales Tax Recoverable	**2.87**	1.14	2.65
Total	**2.87**	1.14	2.65

10 Inventories

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Valued at lower of cost and net realizable value			
Raw materials, components and bought-outs	-	60.65	110.24
Total	-	60.65	110.24

11 (a) Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Balances with banks			
- in current accounts	**343.06**	101.92	27.37
Total	**343.06**	101.92	27.37

11 (b) Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with original maturity of more than 3 months but less than 12 months	**500.00**	1,000.00	1,170.00
Total	**500.00**	1,000.00	1,170.00

12 Other current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Advance to supplier	**48.74**	492.00	343.92
Advances to Staff and Workers	**1.97**	0.10	-
Prepaid Expenses	**1.67**	1.15	1.26
Total	**52.38**	493.25	345.18

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, 2017	As at March 31, 2016	As at April 1, 2015
Investments	**437.31**	120.69	226.07
Trade receivables	**1,326.17**	1,613.79	49.92
Loans	**31.87**	32.26	32.68
Other financial assets	**1.60**	-	8.13
Cash and cash equivalents (note 11(a))	**343.06**	101.92	27.37
Bank balances other than cash and cash equivalents	**500.00**	1,000.00	1,170.00
Total	**2,640.01**	2,868.66	1,514.17

Notes to financial statements for the year ended March 31, 2017

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current assets	**2,609.59**	2,838.24	1,482.25
Non-current assets	**30.42**	30.42	31.92
Total	**2,640.01**	2,868.66	1,514.17

13 Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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	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	2,000.00
Total issued, subscribed and fully paid-up share capital	**2,000.00**	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	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
At April 1, 2015	20,000,000	2,000.00
Changes during the period	-	-
At March 31, 2016	20,000,000	2,000.00
Changes during the period	-	-
At March 31, 2017	20,000,000	2,000.00

(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. 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, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	%	No. of shares	%	No. of shares	%
Thermax Limited	1,020,000	51%	1,020,000	51%	1,020,000	51%
Balcke-Dürr GmbH	5,200,000	26%	5,200,000	26%	-	-
mutares Holding-24 AG	2,300,000	23%	-	-	-	-
SPX Mauritius Limited	-	-	2,300,000	23%	-	-
SPX Netherlands B.V.	-	-	-	-	4,900,000	49%

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, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and surplus			
Retained earnings			
Opening balance	**(1,034.57)**	(1,036.88)	(825.38)
Add: Profit for the year	**12.98**	3.03	(211.50)
Items of other comprehensive income recognised directly in retained earnings:			
Re-measurements of post-employment benefit obligations,	**(0.20)**	(0.72)	-
Net surplus in the statement of profit and loss	**(1,021.79)**	(1,034.57)	(1,036.88)
Total Reserves and Surplus	**(1,021.79)**	(1,034.57)	(1,036.88)
Cash flow hedge reserve			
Opening balance	**(10.07)**	-	-
Add/ Less : Movement during the year	**10.07**	(10.07)	-
Closing balance	**-**	(10.07)	-
Total	**(1,021.79)**	1,044.64)	(1,036.88)

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 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, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	**511.08**	902.98	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
(i) Related Parties	**135.43**	190.00	339.88
(ii) Others	**101.23**	485.53	31.06
Total	**747.74**	1578.51	370.94

Details of dues to micro and small enterprises as defined under The Micro, Small and medium enterprises Development (MSMED) Act 2006

	March 31, 2017	March 31, 2016	April 1, 2015
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	**511.08**	902.98	NIL
Interest due thereon	**NIL**	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	NIL

Notes to financial statements for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016	April 1, 2015
The amount of payment made to the supplier beyond the appointed day during the year	**NIL**	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	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	**NIL**	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	NIL

16 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Employee related payables	**39.68**	45.79	29.53
Fair value through other comprehensive income			
Derivative instruments - Foreign Exchange Forward Contracts	**-**	10.07	-
Total	**39.68**	55.86	29.53

17 Current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for gratuity (note 31)	**2.48**	4.36	5.29
Provision for leave encashment	**22.54**	22.45	16.93
	25.02	26.81	22.22
Other provisions			
Provision for onerous contracts (refer note: 2.2.n)	**9.71**	-	-
Provision for warranties (refer note: 2.2.n)	**60.71**	45.84	112.27
	70.42	45.84	112.27
Total	**95.44**	72.65	134.49

Movement in provisions

	Provision for onerous contracts	Provision for warranties
As at April 1, 2016		
Balance at the beginning	-	45.84
Charged/(Credited) to profit or loss	9.71	14.86
Additional provision recognised	-	-
Unused amounts reversed	-	-
Unwinding of discount	-	-
Amounts used during the year	-	-
As at March 31, 2017	**9.71**	**60.71**
Current	9.71	60.71
Non-Current		
Total	**9.71**	**60.71**

18 Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unearned revenue	**672.83**	361.89	-
Revenue received in advance*	**187.92**	391.31	499.01
Statutory dues and other liabilities**	**4.68**	38.37	2.87
Total	**865.43**	791.57	501.88

* Includes amount received as advance from related parties for March'17 Rs 65.71 (March'16 Rs. 163.19) (March'15 Rs. 369.70)

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable	**747.74**	1,578.51	370.94
Employee related payables	**39.68**	45.79	29.53
	787.42	1,624.30	400.47
Current liabilities	**787.42**	1,634.37	400.47
Non current liabilities	-	-	-
	787.42	1,634.37	400.47

19 Revenue from operations (net)

	March 31, 2017	March 31, 2016
Sale of products and services		
Sale of Project Bought out goods	**2,545.13**	4,334.92
Sale of services	**14.00**	38.42
Other operating revenue		
Export incentives	**18.17**	-
Sale of scrap	-	3.40
Exchange fluctuation gain (net)	**23.17**	-
Total	**41.34**	3.40
Revenue from operations (net)	**2,600.47**	4,376.74

20 (a) Other income

	March 31, 2017	March 31, 2016
Dividend income		
Current investment	**7.57**	21.62
Liabilities no longer required written back	**98.55**	82.98
Miscellaneous income	**2.19**	7.78
Total	**108.31**	112.38

20 (b) Finance income

	March 31, 2017	March 31, 2016
Interest income from financial assets at amortised cost		
Bank deposits	**71.01**	104.58
Others	**0.09**	0.98
Total	**71.10**	105.56

21 Cost of raw material and components consumed

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year	**60.65**	110.24
Add: Purchases	**2,251.55**	3,916.01
	2,312.20	4,026.25
Inventories at the end of the year	**-**	(60.65)
Total	**2,312.20**	3,965.60

Notes to financial statements for the year ended March 31, 2017

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

22 Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	**254.66**	282.24
Contribution to provident and other funds	**25.76**	27.67
Gratuity expense (note 31)	**3.89**	5.01
Staff welfare expenses	**5.99**	5.88
	289.90	319.80

23 Depreciation and amortization expense

	March 31, 2017	March 31, 2016
Depreciation of tangible assets (note 3)	**2.35**	2.19
Amortization of intangible assets (note 4)	**0.90**	0.85
	3.25	3.04

24 (a) Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spare parts	**0.53**	2.04
Power and fuel	**7.70**	8.26
Site expenses and Contract labour charges	**30.31**	48.34
Drawing, design and technical service charges	**2.82**	5.28
Advertisement and sales promotion	**0.03**	90.37
Rent	**44.34**	49.05
Rates and taxes	**0.03**	1.51
Insurance	**0.71**	0.46
Repairs and maintenance		
Buildings	**4.72**	5.34
Others	**2.57**	1.98
Travelling and conveyance	**21.89**	22.78
Legal and professional fees	**6.61**	6.29
Audit Fee (note 24(b))	**1.00**	0.70
Director sitting fees	**7.81**	6.40
Warranty expenses (net)	**14.85**	45.14
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	**10.64**	9.27
	156.55	303.21

24 (b) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit Fee	**0.80**	0.50
Tax audit fee	**0.10**	0.10
In other capacity		
Taxation matters	**0.10**	0.10
Other services	**-**	-
Reimbursement of expenses	**-**	-
Total	**1.00**	0.70

24 (c) Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

	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	-	-	-

Note: Company does not have the policy of maintaing cash balance hence there are nil receipts/deposit of SBN during the period specified above.

25 Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the Equity shareholders of the Company	**12.98**	3.03
Weighted average number of Equity shares of Rs.10/- each	**20,000,000.00**	20,000,000.00
Basic & Diluted EPS	**0.06**	0.02

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, 2017		
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)
During the year ended March 31, 2016		
Currency forward contracts	**(10.07)**	-
Reclassified to statement of profit or loss	**-**	-
Re-measurement gains (losses) on defined benefit plans	**-**	0.72
Total	**(10.07)**	0.72

27 Construction contractsa

	Year ended March 31, 2017	Year ended March 31, 2016
Contract Revenue recognised during the year	**2385.75**	4,200.94
In respect of contracts in progress as at March 31 :		
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	**6598.90**	4,222.44
Customer advance outstanding for contracts in progress	**187.92**	391.31
Retention money due from customers for contracts in progress	**478.35**	458.43
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)]	**672.83**	361.89

Notes to financial statements for the year ended March 31, 2017

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

28 Income Taxes

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax from continuing operations	**17.98**	3.03
At India's statutory income tax rate of 32.445% (March 31, 2016: 32.445%)	**5.83**	0.98
Effects of income not subject to tax		
- Dividend income	**(2.00)**	6.77
- 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		(7.75)
Other differences -Warranty	**4.75**	
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.

(i) 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. 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.

(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 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.

Notes to financial statements for the year ended March 31, 2017

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

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. 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 has a limited history of bad-debts, hence no ECL provision has been recognized.

5. 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.

6. 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.

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, 2017	March 31, 2016	April 1, 2015
Lease payments for the year	**44.34**	**49.05**	**51.39**

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, 2015	19.95	(14.66)	5.29
Current service cost	3.92	-	3.92
Interest expense/(income)	1.51	(1.29)	0.21
Adjustment to opening value	-	0.88	0.88
Total amount recognised in Profit or Loss	**5.42**	**(0.41)**	**5.01**
Experience adjustments	(1.40)	0.68	(0.72)
Total amount recognised in Other Comprehensive Income	**(1.40)**	**0.68**	**(0.72)**
Employer contributions	-	(3.00)	(3.00)
Benefits paid	(2.21)	-	(2.21)
March 31, 2016	**21.76**	**(17.40)**	**4.36**

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
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**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	26.20	21.76	19.95
Fair value of plan assets	(23.72)	(17.40)	(14.66)
Deficit of funded plan	2.48	4.36	5.29

Notes to financial statements for the year ended March 31, 2017

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

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.20%	8.00%	8.00%
Salary growth rate	7.00%	7.00%	7.00%
Expected return on plan assets	8.00%	0.00%	0.00%
Normal retirement age	60 years	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	10%	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, 2017	March 31, 2016
Discount rate		
1.00% increase	Decrease by 1.71	Decrease by 1.43
1.00% decrease	Increase by 1.92	Increase by 1.60
Future salary increase		
1.00% increase	Increase by 1.65	Increase by 1.39
1.00% decrease	Decrease by 1.50	Decrease by 1.26
Attrition Rate		
1.00% increase	Increase by 0.02	Increase by 0.09
1.00% decrease	Decrease by 0.02	Decrease by 0.10

"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, 2017	March 31, 2016
Within next 12 months	2.78	2.20
Between 2-5 years	15.94	14.69
Between 5-10 years	24.48	19.78

V The major categories of plan assets are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments with Insurer (LIC OF INDIA)	**100.00%**	**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 Hong Kong Limited (Hong Kong)	Hong Kong
7	Thermax Europe Limited (U.K.)	United Kingdom
8	Thermax Inc. (U.S.A)	USA
9	Thermax do Brasil Energia e Equipametos Ltda. (Brazil)	Brazil
10	Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China)	China
11	Thermax Netherlands B.V. (Netherlands)	Netherlands
12	Thermax Denmark ApS (Denmark)	Denmark
13	Danstoker A/S (Denmark)	Denmark
14	Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)	Denmark
15	Thermax SDN. BHD. (Malaysia)	Malaysia
16	Rifox – Hans Richter GmbH Spezialarmaturen (Germany)	Germany
17	Boilerworks A/S (Denmark)	Denmark
18	Boilerworks Properties ApS (Denmark)	Denmark
19	Thermax Senegal S.A.R.L.	Senegal
20	Thermax Energy and Environment Philippines Corporation	Philippines
21	Thermax Nigeria Limited	Nigeria
22	PT Thermax International Indonesia	Indonesia
23	Thermax Engineering Singapore Pte. Ltd.	Singapore
24	First Energy Private Ltd.	India

B Felow Joint Venture Subsidiary

Sr. No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	India

Notes to financial statements for the year ended March 31, 2017

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

C Parent entities

Sr. No.	Name of the entity	Place of business/ Country of incorpo-ration	Owner-ship interest March 31, 2017	March 31, 2016	April 1, 2015	Type
1	RDA Holdings Pvt Ltd	India	-	-	-	Ultimate holding company
2	Thermax Limited	India	51%	51%	51%	Holding company

D Party having substantial interest

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		
			March 31, 2017	March 31, 2016	April 1, 2015
1	Balcke Durr GmbH	Germany	26%	26%	-
2	mutares Holding-24 AG	Mauritius	23%	-	-
3	SPX Mauritius Limited	Mauritius	-	23%	-
4	SPX Netherlands B.V.	Netherlands	-	0%	49%

E Key Management Personnel

Sr. No.	Name	Position
1	Mr.Mahesh Kulkarni	Manager
2	Mr. Ravi Shewade	Manager
3	Mr. Manohar Kansara (upto 13.02.2017)	CFO
4	Mr. Mahesh Kakade	Company Secretary

33 (a) Transactions with Related parties

	THERMAX LIMITED		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
a. Transactions during the year				
Sales of products and services	697.30	3407.34	697.30	3,407.34
Reimbursement of expenses to related parties	152.50	74.61	152.50	74.61

33 (b) Balances with Related parties

	THERMAX LIMITED			Total		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Balances as at the year end						
Trade receivables	319.63	1,340.60	33.20	319.63	1,340.60	33.20
Security Deposit	30.42	30.42	30.42	30.42	30.42	30.42
Advances received	65.71	163.19	369.70	65.71	163.19	369.70
Trade payables and other liabilities	135.43	190.00	339.87	135.43	190.00	339.87

33 (c) Independent Director's Sitting Fee

Particulars	March 31, 2017	March 31, 2016
Mr.Sunder Parthasarathy	3.19	3.19
Mr.Sanjay Parande	3.19	3.19

33 (d) KMP Remuneration

Particulars	Designation	March 31, 2017	March 31, 2016
Mr.Mahesh Kulkarni	Manager	23.51	21.16
Mr.Ravi Shewade	Manager	23.75	20.12
Mr.Manohar Kansara (up to 13/02/2017)	CFO	11.82	11.39
Mr. Mahesh Kakade	Company Secretary	8.93	7.36

34 (a) Fair value measurements

Financial instruments by category

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets						
Investments						
Mutual funds	437.31	120.69	226.07	437.31	120.69	226.07
Total financial assets	437.31	120.69	226.07	437.31	120.69	226.07

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.

Notes to financial statements for the year ended March 31, 2017

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

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, 2017

	Date of valuation	Level 1
Financial assets		
Investments		
Mutual funds	31 March 2017	437.31

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Date of valuation	Level 1
Financial assets		
Investments		
Mutual funds	31 March 2016	120.69

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Date of valuation	Level 1
Financial assets		
Investments		
Mutual funds	1 April 2015	226.07

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.

	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	747.73	1,578.54	27.02
Less: Cash and cash equivalents	843.06	1,101.92	1,197.37
Net debt	(95.33)	476.62	(1,170.35)
Equity	978.20	955.35	963.12
Capital and net debt	**(1,073.53)**	**(478.73)**	**(2,133.47)**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2016 and March 31, 2017.

36 (a) Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Description	**March 31, 2016**	**April 1, 2015**
Total Equity as per previous GAAP	955.35	963.12
Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]	-	-
Total Equity as per Ind-AS	**955.35**	**963.12**

36 (b) Reconciliation of total comprehensive income for the year ended March 31, 2016

	Description	**Year ended March 31, 2016**
i.	**Net profit after tax under previous GAAP (after share of loss of associate and minority interest)**	2.31
	Ind AS adjustments [Increase in profits / (decrease in profits)]	
	Actuarial Gain/(loss) transferred to OCI	0.72
	Total of adjustments	0.72
	Net Profit after tax as per Ind-AS	**3.03**
	Other Comprehensive Income	(9.35)
	Total Comprehensive Income as per Ind-AS	**(6.32)**

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Previous GAAP	**Adjustments**	**Ind AS**
Net cash flows from operating activities	(322.57)	-	(322.57)
Net cash flows from investing activities	398.57	-	398.57
Net cash flows from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	**76.00**	**-**	**76.00**
Cash and cash equivalents as at April 1, 2015	27.37	-	27.37
Cash and cash equivalents as at March 31, 2016	**103.37**	**-**	**103.37**

36 (c) Notes to first-time adoption

1 Financial Assets - Debt Instruments carried at amortized cost

Under Indian GAAP, debt instruments are recorded at the historical cost. Under Ind-AS, these assets are recorded at amortized cost using effective interest rate method. Certain interest-free security deposits and below-market employee loans have been discounted using market rates of interest as required under Ind-AS and recorded at Fair Value as on the transition date. The Company has availed the practical expedient exemption provided under Ind-AS 101 to record such instruments at transition date.

2 Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

3 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost recognised in Other Comprehensive Income is Rs. 0.72 as at March 31, 2016.

4 Current and Non-Current Investments

Under Indian GAAP, current investments in equity instruments such as mutual funds are recognized at cost or net realizable value, whichever is lower. Further, long-term investments in equity instruments are recorded at cost unless there is an other than temporary decline in the value of investments. Under Ind-AS, investments in equity instruments are recorded at fair value as at the balance-sheet date. The adjustment pertains to the difference in the fair value of these instruments as at the balance-sheet date and the cost of these instruments.

5 Provisions

Under Indian GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.

6 Other comprehensive income

Under Indian GAAP, the Company had not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors

Meher Pudumjee, Chairperson

M. S. Unnikrishnan

Ravinder Advani

Amitabha Mukhopadhyay

Mark Low

Mark Carano

Christopher Jones

Cameron Frymyer

Suhas Tuljapurkar

Sundar K. Parthasarathy

Registered Office

DhanrajMahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near RegalCinema,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

Kedar P. Phadke

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 SeventhAnnual Report together with the audited financial statements of your company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2016-17	2015-16
Total income	**313.69**	343.31
Profit / (Loss) before depreciation, amortisation & impairment	**50.09**	(28.68)
Depreciation, amortisation & impairment	**(175.12)**	(44.96)
Profit / (Loss) before tax	**(125.03)**	(73.64)
Provision for taxation (incl. deferred tax)	**Nil**	Nil
Profit / (Loss) after tax	**(125.03)**	(73.64)

PERFORMANCE

Lower demand for power, higher capacity build up in renewables and the overall shift in Government to focus on the non fossil fuel sector to generate electricity has impacted the immediate future of thermal power plants. Existing capacities, poor coal linkages as also the debt burden of distribution companies has resulted in lower Plant Load Factor (PLF) of existing thermal power plants.

Only two projects were finalised during the current year, one on an EPC basis by a State Utility and the other, a boiler-island project (with extended scope) by a Central Utility.

Your company is participating in a "pilot test" study with Central Utility for establishing performance parameters of SCR system (NOx reduction) on high ash coal. We expect tendering activity during FY 2017-18 for SCR retrofit projects post completion of this study.

In FY 2016-17, we continued to register revenues from orders received for design, engineering and manufacturing of pressure parts for supercritical boilers, for overseas orders won by our parent company B & W.

HEALTH & SAFETY

The company has continued to improve on the implemented robust safety program in line with B&W EHS Management & OHSAS 18001 & ISO 14001. There is a strong focus on Health, Safety and Environment (HSE).

Regular HSE training sessions were conducted for all employees periodically covering various aspects of the manufacturing processes. Both class room as well as on-the-job formats are adopted along with related videos to make the training more effective.

The company has a documented inspection and audit procedure in place on a continual basis to identify and connect unsafe acts and conditions through rigorous audits and inspections by competent persons. In addition, a formal process of reporting accidents/incidents, near misses and appropriate corrective and preventive actions has been instituted and adapted to local work conditions and culture including routine observations. Top management walk-through has been introduced and all the functional heads are making shop rounds on a fortnightly basis at factory.

The company has been appreciated by B&W in its Annual EHS Seminar for achieving"Target Zero" and was awarded the B&W DART award for best performing operations.

The company has been improving the established procedures for informing, instructing, intimating, cautioning employees and others regarding HSE matters through various communication media and processes.

In order to motivate employees on the subject of HSE, the company celebrated Environment Day/Week, Fire Fighting Day/Week, Road Safety Day/Week and National Safety Day/Week. Various competitions were organised and contributions of participants including sub-contractors were recognised.

AMOUNTS TRANSFERRED TO RESERVES

No amount is proposed to be transferred to reserves.

DIVIDEND

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

CHANGES IN SHARE CAPITAL, IF ANY

During FY 2016-17, the equity share capital of the company has been increased from Rs. 485 crores to Rs. 837.63 crores, by way of a Rights issue.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

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

The information required pursuant to section 197 read with rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company, will be provided upon request. Any shareholder interested in obtaining such particulars may write to the Company Secretary up to the date of the Annual General Meeting.

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.

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

R. C. Shrivastav, independent director, Rodney Carlson and Mark Carano vacated their office as directors, during the year, pursuant to the provisions of section 167(1) (b) of the Companies Act, 2013. Nomination of Paul Scavuzzo was withdrawn by B&W with effect from March 16, 2017. The Board places on record its appreciation for the valuable guidance provided by them during their tenure.

Sundar K. Parthasarathy was appointed as independent director with effect from May 24, 2017 and Mark Low, Cameron Frymyer and Mark Carano were inducted as additional directors effective from March 16, 2017. They hold office till the ensuing Annual General Meeting. Necessary resolutions appointing Sundar K. Parthasarathy, Low, Frymyer and Carano as directors have been set out in the notice of the ensuing Annual General Meeting for the approval of the shareholders.

Per provisions of the Companies Act, 2013 and the company's Articles of Association, Meher Pudumjee, M. S. Unnikrishnan and Christopher Jones retire by rotation and being eligible offer themselves for re-appointment as directors. Both independent directors have given Declaration of Independence, as required under section 149(6) of the Companies Act, 2013 and this has been recorded by the Board.

Key Managerial Personnel (KMP)

Bipeen Valame and Deepak Chopra resigned as CFO and CEO respectively with effect from October 22, 2016 and December 31, 2016.

Board Meetings

During the year, the Board met five times on April 1, 2016, May19, 2016, August 25, 2016, December 1, 2016 and March 16, 2017. The intervening gap between the meetings was less than as prescribed, under the Companies Act, 2013.

Board Evaluation

The Audit & Risk Committee and the Nomination and Remuneration Committee (NRC) were reconstituted on May 24, 2017, due to vacation of office by directors.

Remuneration Policy

The Nomination and Remuneration Committee has approved a policy for appointment and remuneration of directors and Key Managerial Persons. 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 financial statements for the year ended March 31, 2017, 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, 2017 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 financial statements have been prepared on a going concern basis;

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

f) 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 committee now comprises Cameron Frymyer (Chairman, committee), Suhas Tuljapurkar (independent director) and Sundar K. Parthasarathy (independent director) as the members.

The committee met three times during the financial year 2016-17 on May 19, 2016, August 25, 2016 and December 1, 2016. The statutory and internal auditors are permanent invitees and attend the meetings of the committee.

2. **Nomination & Remuneration Committee**

The committee comprises Amitabha Mukhopadhyay (Chairman, committee), Cameron Frymyer, Suhas Tuljapurkar and Sundar K. Parthasarathy. 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 details forming part of 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

Place: Pune
Date: May 24, 2017

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:

- Switching off compressors during lunch/dinner time.
- Avoiding requirement of compressed air in third shift, to the extent possible.
- Switching on the propane vaporiser coils, only during furnace firing.
- Using one/two transformers – depending on load – to reduce no load losses.
- Starting and completing PWHT in third shift to get the benefit of low tariff zone cost benefit.
- Reducing contract demand suitably to reduce maximum demand charges.
- Using variable frequency driven compressor to get benefit of variation in compressed air demand.
- Switching off shop lighting during dinner hours and in third shift in unwanted areas.
- Adjusting the dampers at optimum levels for paint shop blowers to optimise power requirement.
- Switching on the motors which are not frequently required at the time of usage only.
- Switching off air circulatory fans using timer during lunch/dinner/break hours and in third shift.

At the corporate office, employees were accommodated on a single floor instead of two; thereby reducing power consumption.

B. TECHNOLOGICAL ABSORPTION

For projects under execution, TBWES worked on design/engineering of various aspects/ components of the technology licensed to the company by B&W. 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 will be provided upon request. Any shareholder interested in obtaining such particulars may write to the company secretary upto the date of the Annual General Meeting.

For and on behalf of the Board

Place: Pune
Date: May 24, 2017

Meher Pudumjee
Chairperson

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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 : U29253MH2010PTC204890

II. Registration Date : 26.06.2010

III. Name of the company : Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.

IV. Category / Sub-Category of the company : Private company / Limited by shares

V. Address of the Registered office and contact details : Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai-400 039

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	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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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.	-	247350000	247350000	51	-	427191300	427191300	51	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1) :	-	247350000	247350000	51	-	427191300	427191300	51	0
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	237650000	237650000	49	-	410438700	410438700	49	0
d) Banks / FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	237650000	237650000	49	-	410438700	410438700	49	0
Total shareholding of Promoter (A)= (A)(1)+(A) (2)	-	485000000	485000000	100	-	837630000	837630000	100	0

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% 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)	**-**	**485000000**	**485000000**	**100**	**-**	**837630000**	**837630000**	**100**	**0**

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		No. of Shares	% of Shares Pledged / encumbered to total shares	% of total Shares of the Company	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	247350000	51	NIL	427191300	51	NIL	NIL
2	Babcock & Wilcox India Holdings Inc.	237650000	49	NIL	410438700	49	NIL	NIL
	TOTAL	**485000000**	**100**	**NIL**	**837630000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: Total number of Equity Shares increased by 452630000.

Sl No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)		Shareholding at the end of the year (As on 31-03-2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	485000000	100	837630000	100
	Date wise Increase / ~~Decrease~~ in Promoters Shareholding during the year specifying the reasons for Increase / ~~Decrease~~ (e.g. allotment / transfer / bonus / sweat equity etc. - Shareholding):	452630000 equity shares of Rs. 10/- each were allotted on May19, 2016.			
	At the end of the year	485000000	100	837630000	100

(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 (01-04-2016 to 31-03-2017)	
		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 (01-04-2016 to 31-03-2017)	
		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------------------------------------								

vi. 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 (01.04.2016)	443.68	-	-	443.68
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	443.68	-	-	443.68
Change in indebtedness during the financial year				
Addition	-	-	-	-
Reduction	443.68	-	-	443.68
Net Change	(443.68)	-	-	(443.68)
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

vii. 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 Directors:

<table>
<tr><th>Sl. no.</th><th>Particulars of Remuneration</th><th colspan="5">Name of Directors</th><th colspan="3">Total Amount</th></tr>
<tr><td>1.</td><td>Independent Directors</td><td colspan="5"></td><td colspan="3"></td></tr>
<tr><td></td><td>Fee for attending board/committee meetings</td><td colspan="5">Suhas Tuljapurkar</td><td colspan="3">Rs. 5,00,000</td></tr>
<tr><td></td><td>Commission</td><td colspan="5">Nil</td><td colspan="3">-</td></tr>
<tr><td></td><td>Others, please specify</td><td colspan="5">Nil</td><td colspan="3">-</td></tr>
<tr><td></td><td>Total(1)</td><td colspan="5"></td><td colspan="3">Rs. 5,00,000</td></tr>
<tr><td>2.</td><td>Other Non-Executive Directors/ Directors</td><td>Meher Pudumjee</td><td>M. S. Unnikrishnan</td><td>Ravinder Advani</td><td>Amitabha Mukhopadhyay</td><td>Rodney Carlson</td><td>D. Paul Scavuzzo</td><td>Mark Carano</td><td>Christopher Jones</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>Fee for attending board</td><td colspan="8" rowspan="7">---------------------NIL-------------------</td></tr>
<tr><td></td><td>Committee meetings</td></tr>
<tr><td></td><td>Commission</td></tr>
<tr><td></td><td>Others, please specify</td></tr>
<tr><td></td><td>Rent for Premises</td></tr>
<tr><td></td><td>Security Deposit for Lease Premises</td></tr>
<tr><td></td><td>Total(2)</td></tr>
<tr><td></td><td>Total(B)=(1+2)</td><td colspan="8"></td></tr>
<tr><td></td><td>Total Managerial (A+B) Remuneration</td><td colspan="8"></td></tr>
<tr><td></td><td>Over all ceiling as per the Act</td><td colspan="8"></td></tr>
</table>

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

Sr. No.	Particulars of remuneration	Key Managerial Personnel
I.	Deepak Chopra – CEO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Rs. 1.78 crore
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	Nil
3.	Sweat Equity	Nil
4.	Commission	
5.	- as % of profit	Nil
6.	- Others, specify	Nil
7.	Others, please specify (RetiralBenefits)	Nil
	TOTAL	Rs. 1.78 crore*
II.	Bipeen Valame – CFO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Rs. 0.39crore
b)	Value of perquisites u/s 17(2)Income taxAct,1961	Rs. 0.002crore
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	
2.	Stock Option	Nil

Sr. No.	Particulars of remuneration	Key Managerial Personnel
3.	Sweat Equity	Nil
4.	Commission	
	- as % of profit	Nil
	- Others, specify	Nil
5.	Others, please specify (Retrial Benefits)	Nil
	Total	Rs. 0.39 crore*
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. 0.25 crore
b)	Value of perquisites u/s 17(2) Income taxAct, 1961	Nil
c)	Profits in lieu of salary under section 17(3) 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 (Retrial Benefits)	Nil
	Total	Rs. 0.25 crore
	***Resigned during the year.**	

viii. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

For and on behalf of the Board

Place: Pune
Date: May 24, 2017

Meher Pudumjee
Chairperson

ANNEXURE - 3

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 2017

[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, 2017 ('Audit Period') 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, 2017 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. Provisions relating to Overseas Direct Investment& External Commercial Borrowings were not applicable to the Company during the Audit Period;

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, 2014; **(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 (Share Based Employee Benefits) Regulations, 2014;(NOT APPLICABLE TO THE COMPANY)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(NOT APPLICABLE TO THE COMPANY)**

   (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993; **(NOT APPLICABLE TO THE COMPANY)**

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(NOT APPLICABLE TO THE COMPANY)**

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(NOT APPLICABLE TO THE COMPANY)**

6. Other laws specifically applicable to 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 extend as mentioned below:

a. *The Company has not appointed CFO from 21st October 2016 to 31st March 2017 and CEO from 31st December 2016 to 31st March 2017 as required under Section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014*

b. *The Company had not appointed one Independent Director from 2nd December 2016 to 31st March, 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 31st March 2017.*

c. *Separate meeting of Independent Directors as per Schedule IV was not held during the audit period.*

d. *While appointing the statutory Auditor, the Company did not obtain the recommendation from Audit Committee.*

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 a & 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 processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has issued and allotted the securities under right issue in compliance with the provision of the Companies Act, 2013 & FEMA, 1999.

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: 22.05.2017
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"
(01/04/2016 TO 31/03/2017)

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. Whereever 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: 22.05.2017
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, 2017, 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 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, 2017, 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, 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 32 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; and

      iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 28(c).

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212

Place: Pune
Date: May 24, 2017

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 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 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 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 by 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 24, 2017

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, 2017 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, 2017, 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 24, 2017

Balance Sheet as on as at March 31, 2017

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

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	3	374.76	539.32	572.87
Capital work-in-progress		-	0.23	0.02
Intangible assets	4	10.96	19.55	24.51
Financial assets				
(a) Trade receivables	6(a)	16.58	-	-
(b) Loans	7	2.19	2.05	2.79
(c) Other financial assets	8(a)	24.00	24.00	24.00
Deferred Tax Assets (net)	9(a)	-	-	-
Income tax assets (net)	9(b)	-	-	-
Other non-current assets	10	37.45	41.78	21.21
Total non-current assets		**465.94**	**626.93**	**645.40**
II. Current assets				
Inventories	11	8.94	14.86	23.80
Financial assets				
(a) Investments	5	36.54	58.38	17.36
(b) Trade receivables	6(b)	0.45	16.87	4.37
(c) Cash and cash equivalents	12(a)	6.52	96.70	7.36
(d) Bank balances other than (c) above	12(b)	-	30.00	44.57
(e) Other financial assets	8(b)	54.82	248.85	27.49
Income tax assets (net)	9(b)	2.10	1.73	1.21
Other current assets	13	26.94	11.77	13.86
Total current assets		**136.31**	**479.16**	**140.01**
Total		**602.25**	**1,106.09**	**785.41**
III. Equity and liabilities				
Equity share capital	14	837.63	485.00	385.00
Other equity	15	(423.70)	(289.04)	**(224.90)**
		413.93	**195.96**	**160.10**
IV. Non-current liabilities				
Financial liabilities				
(a) Borrowings	16	-	-	440.56
Provisions	19(a)	11.27	6.12	1.24
		11.27	**6.12**	**441.80**
V. Current liabilities				
Financial liabilities				
(a) Borrowings	24	-	-	-
(b) Trade payables	17			
i. total outstanding dues of micro enterprises and small enterprises		0.16	-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		34.91	38.46	22.21
(c) Other current financial liabilities	18	0.71	443.82	47.70
Other current liabilities	20	104.27	402.96	112.32
Provisions	19(b)	37.00	18.77	1.28
Current tax liabilities (net)	13			
		177.05	**904.01**	**183.51**
Total		**602.25**	**1,106.09**	**785.41**

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.

As per our even date report
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 Babcock & Wilcox Energy Solutions Private Ltd.

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director
DIN: 01677195

Niranjan Pawgi
Chief Operating Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 24, 2017

Place: Pune
Date: May 24, 2017

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	Notes	March 31, 2017	March 31, 2016
Income			
Revenue from operations			
Sale of Products		289.60	325.42
Sale of Services		0.19	1.80
Operating Income		15.86	6.37
Revenue from operations	21	305.65	333.59
Other income	22 (a)	4.32	4.48
Finance Income	22 (b)	3.72	5.24
Total Income (I)		**313.69**	**343.31**
Expenses			
Cost of raw materials and components consumed	23	114.73	200.23
Excise duty on sale of goods		33.39	2.99
Employee benefits expense	25	35.65	35.73
Finance cost	26	4.72	60.55
Depreciation, amortisation expense and impairment	27	175.12	44.96
Other Expenses	28	75.11	72.49
Total expenses (II)		**438.72**	**416.95**
Profit/ (Loss) before exceptional items and tax [(I)-(II)]		(125.03)	(73.64)
Profit/ (Loss) before exceptional items and tax (I-II)		(125.03)	(73.64)
Profit/ (Loss) before tax (I-II)		**(125.03)**	**(73.64)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/ (Loss) for the year		**(125.03)**	**(73.64)**
Other comprehensive income			
A. Items that may be reclassified to profit or loss			
Net movement on Cash Flow Hedge (loss) / gain	30	(9.50)	9.50
Income tax effect		-	-
		(9.50)	9.50
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	30	(0.13)	-
Less: Income tax effect			
		(0.13)	-
Total other comprehensive income for the year, net of tax.		**(9.63)**	**9.50**
Total comprehensive income for the year		**(134.66)**	**(64.14)**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2016: 10/-)]			
Basic and Diluted	29	**(1.60)**	**(1.87)**
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.

As per our even date report
For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Reg No.105102W

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Chief Operating Officer

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Place: Pune
Date: May 24, 2017

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Date: May 24, 2017

Cash flow statement for the year ended March 31, 2017

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

		Year Ended March 31, 2017	Year Ended March 31, 2016
A)	**Cash flows from operating activities**		
	Profit before tax	(125.03)	(73.64)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation, amortization and impairment	175.12	44.96
	Finance costs	3.70	60.07
	Loss on sale / discard of assets (net)	0.07	0.12
	Unwinding discount on provisions	0.93	0.54
	Interest/dividend income	(6.23)	(9.04)
	(Profit)/Loss on sale of investment	(0.01)	-
	Liabilities no longer required written back	-	0.03
	Working capital adjustments		
	(Increase) / Decrease in Trade Receivables	(0.16)	(12.50)
	(Increase) / Decrease in Inventories	5.92	8.94
	(Increase) / Decrease in Other non-current financial assets	(0.05)	0.68
	(Increase) / Decrease in Other non-current assets	4.33	(20.57)
	(Increase) / Decrease in Other current financial assets	182.67	(210.66)
	(Increase) / Decrease in Other current assets	(15.17)	2.09
	Increase / (Decrease) in Trade Payables	(3.39)	16.25
	Increase / (Decrease) in Provisions	21.27	21.89
	Increase / (Decrease) in Other current financial liabilities	(443.11)	(44.47)
	Increase / (Decrease) in Other current liabilities	(298.82)	290.64
	Cash generated from operations	**(497.96)**	**75.33**
	Direct taxes paid (net of refunds received)	(0.37)	(0.53)
	Net cash inflow from operating activities	**(498.33)**	**74.80**
B)	**Cash flows from investing activities**		
	Purchase of Fixed Assets	(0.83)	(7.68)
	Proceeds from sale of Assets	0.11	0.90
	Purchase of other Investments	-	(41.02)
	Proceeds from sale of Investments	21.85	-
	Interest/dividend received	8.09	7.84
	(Increase) / decrease in other current interest bearing deposit	30.00	14.57
	Net cash flows used in investing activities	**59.22**	**(25.39)**
C)	**Cash flows from financing activities**		
	Proceeds from issue of equity shares	352.63	100.00
	Interest paid	(3.70)	(60.07)
	Net cash flows used in financing activities	**348.93**	**39.93**
	Net increase / (decrease) in cash and cash equivalents	**(90.18)**	**89.34**
	Cash and cash equivalents at the beginning of the year	96.70	7.36
	Cash and cash equivalents at the end of the year	**6.52**	**96.70**

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

	March 31, 2017	March 31, 2016
Cash and cash equivalents (Note 10)	6.52	96.70
Balances as per Cash flow statement	**6.52**	**96.70**

As per our even date report
For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
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Chief Operating Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 24, 2017

Statement of changes in Equity for the year ended March 31, 2017

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

A Equity Share Capital

	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginnning of the reporting period	14	485.00	385.00	385.00
Changes in equity shares capital during the year	14	352.63	100.00	-
Balance at the end of the reporting period	14	**837.63**	**485.00**	**385.00**

B Other Equity

	Reserves & Surplus		Items of OCI	Total Equity
	Retained Earnings	Total	Effective portion of cash flow hedge	
As at April 1, 2015	**(230.06)**	**(230.06)**	**5.16**	**(224.90)**
Profit / (Loss) for the year	(73.64)	(73.64)	-	**(73.64)**
Other Comprehensive Income	-	-	9.50	**9.50**
Total comprehensive income	**(303.70)**	**(303.70)**	**14.66**	**(289.04)**
As at March 31, 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)**
Total comprehensive income	**(125.16)**	**(125.16)**	**(9.50)**	**(423.70)**
As at March 31, 2017	**(428.86)**	**(428.86)**	**5.16**	**(423.70)**

As per our even date report
For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd.

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Kedar Phadke
Company Secretary

Place: Pune
Date: May 24, 2017

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

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 400 039, India. These financial statements are authorized for issue by the Board of Directors on May 24, 2017. The CIN of the Company is U29253MH2010PTC204890.

2. Significant accounting policies, judgements, estimates & assumptions

2a. Significant accounting policies

2a.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.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, these being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided in Note 40.

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.

(c) Basis of transition to Ind AS

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in the Note 41. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

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.

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

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 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.36)
- Financial instruments (including those carried at amortized cost) (Note no.36

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

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Crores, unless otherwise stated)

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) 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 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 interestincome, 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.

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.

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

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.

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Crores, unless otherwise stated)

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.

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.

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 35 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

Amendments issued to existing standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable when they become effective.

Amendments to Ind AS 7: Statement of Cash flows
Amendments to Ind AS 108 Operating segments

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 Operating 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 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 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. Rs 35.82 crores was outstanding at 31 March 2017 (March 31, 2016: Rs.17.8 crores; April 1, 2015: Rs.NIL)

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 35 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 33.

iv. 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. 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, 2017, this particular provision had a carrying amount of Rs.9.33 Crores (March 31, 2016 Rs. 5.06 Crores April 1, 2015 Rs. 0.49 Crores).

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 to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

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 01 April 2015	**43.43**	**252.71**	**269.42**	**3.95**	**1.11**	**0.82**	**1.43**	**572.87**	**0.02**
Additions	-	4.44	1.55	0.22	0.47	0.03	0.47	7.18	0.23
Disposals	-	-	(0.79)	-	-	-	(0.23)	(1.02)	(0.02)
At 31 March 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/Adjustments	-	-	(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**	**-**
Depreciation & Impairment									
At 01 April 2015									
Charge for the year	0.29	8.16	30.83	0.06	0.15	0.06	0.16	39.71	-
Disposals	-	-	-	-	-	-	-	-	
At 31 March 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/Adjustments	-	-	-	-	-	-	(0.20)	(0.20)	-
At 31 March 2017	**0.72**	**69.61**	**133.09**	**1.02**	**0.80**	**0.29**	**0.43**	**205.96**	**-**
Net Block									
At 31 March 2016	**43.14**	**248.99**	**239.35**	**4.11**	**1.43**	**0.79**	**1.51**	**539.32**	**0.23**
At 31 March 2017	**43.73**	**187.62**	**137.81**	**3.23**	**0.86**	**0.65**	**0.86**	**374.76**	**-**

*Refer Note 40

** 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 01 April 2015	**2.18**	**22.33**	**24.51**
Additions	**0.28**	**-**	**0.28**
Disposals	-	-	-
At 31 March 2016	**2.46**	**22.33**	**24.79**
Additions	-	-	-
Disposals	-	-	-
At 31 March 2017	**2.46**	**22.33**	**24.79**
Amortization			
At 01 April 2015			**-**
Charge for the year	1.52	3.73	5.25
Disposals			-
At 31 March 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**
Net Block			
At 31 March 2016	**0.94**	**18.61**	**19.55**
At 31 March 2017	**0.33**	**10.63**	**10.96**

* Refer note 40

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

5. Current Investments

	Face value per share	Number of shares			Amount		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Investments in Mutual Funds : **Investments at Fair value through Profit and Loss** **Liquid/ Liquid Plus and Duration funds (quoted)**							
AXIS Liquid Fund-Direct Plan-Daily Dividend Reinvestment	1,000.19	-	202,461	-	-	20.25	-
Birla Sun Life Floating Rate Short Term Plan- Daily Dividend-Direct Plan-Reinvested	100.04	-	-	904,612	-	-	9.05
DSP Blockrock	1,000.81	140,815	-	-	14.09	-	-
DSP Blockrock	1,000.06	-	52,597	-	-	5.26	-
HDFC Liquid Fund- Direct Plan -Daily Dividend Reinvestment	1,020.16	-	104,984	-	-	10.71	-
ICICI Prudential Money Market -Daily Dividend Reinvestment	100.14	517,880	420,627	-	5.19	4.21	-
ICICI Prudential Money Market -Daily Dividend Reinvestment	100.08	-	-	311,737	-		3.12
ICICI Prudential Money Market- Direct Plan -Daily Dividend Reinvestment	100.13	-	400,445	-	-	4.01	-
Kotak Liquid Scheme	1,011.62	170,675	-	-	17.26	-	-
Kotak Liquid Scheme	1,223.05	-	113,977	-	-	13.94	-
Kotak Liquid Scheme	1,222.85	-	-	25,923	-	-	3.17
UTI-Liquid Cash Plan-Institutional Daily Dividend Reinvestment	1,021.65	-	-	19,772	-	-	2.02
Total Current Investments					**36.54**	**58.38**	**17.36**
Aggregate amount of quoted investments and market value thereof					36.54	58.38	17.36
Aggregate amount of unquoted investments					-	-	-
Aggregate amount of impairment in the value of investments					-	-	-

6 (a) Non current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Trade receivables	-	-	-
Receivables from related parties (note 34)	16.58	-	-
Doubtful	-	-	-
Total receivables	**16.58**	**-**	**-**
Break-up of security details			
Secured, considered good	-	-	-
Unsecured, considered good	16.58	-	-
Doubtful	-	-	-
Total	**16.58**	**-**	**-**

6 (b) Current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Trade receivables	-	-	2.48
Receivables from related parties (note 34)	0.45	16.87	1.89
Doubtful	-	-	-
Total receivables	**0.45**	**16.87**	**4.37**
Break-up of security details			
Secured, considered good	-	-	-
Unsecured, considered good	0.45	16.87	4.37
Doubtful	-	-	-
	0.45	**16.87**	**4.37**
Less: Impairment Allowance	-	-	-
Total	**0.45**	**16.87**	**4.37**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade 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

7 Non-current loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Unsecured, considered good			
Security deposits	2.19	2.05	2.79
Total	**2.19**	**2.05**	**2.79**

8 (a) Other non current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At Amortized Cost			
Bank deposits with maturity of more than 12 months	24.00	24.00	24.00
Total	**24.00**	**24.00**	**24.00**

8 (b) Other current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Fair value through other comprehensive income			
Derivative instruments - Foreign Exchange Forward Contracts (Gain)	5.85	1.33	7.90
b) At amortized cost			
Interest accrued on fixed deposits.	0.20	2.06	0.86
Unbilled revenue	47.55	230.73	18.73
c) Others	1.22	14.73	-
Total	**54.82**	**248.85**	**27.49**

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

9 (a) Deferred Tax

Deferred tax assets have not been recognized in respect of depreciation Rs. 205.77 Crores as on 31st March, 2017 (March'16:Rs. 205.77 Crores; March'15: Rs 148.96 Crores) and tax losses carried forward amounting to Rs. 169.65 Crores as on 31st March, 2017 (March'16:Rs. 174.40 Crores; March'15: Rs 151.09 Crores.

There is no restriction on carry forward of depreciation. Unabsorbed business losses can be carried forward for period of eight years from the year of incurrence. Deferred tax assets have not been recognized in respect of these items because of uncertainty relating to availability of future taxable profits against which they can be realized.

9 (b) Income Taxes

The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

	As at March 31, 2017	As at March 31, 2016
Accounting profit before tax from continuing operations	(125.03)	(73.64)
At India's statutory income tax rate of 32.445% (March 31, 2016: 30.90%) Effects of income not subject to tax	(40.57)	(22.75)
At the effective tax rate	-	-
Income tax expense reported in the statement of profit or loss*	-	-

*Income tax expense reported is Nil for year ended 31 March 2017 (Nil for 31 March 2016) on account of losses incurred during the years.

10 Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Sales Tax Recoverable	17.49	13.77	8.85
Balances with government authorities	19.96	28.01	12.36
Total	**37.45**	**41.78**	**21.21**

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, 2017	As at March 31, 2016	As at April 1, 2015
Valued at lower of cost and net realizable value			
Raw materials, components and bought-outs	8.94	14.86	23.80
[includes goods in transit during the year ended March 31, 2017 Rs. 0.51 Crs (March 31, 2016 Rs. 1.05 Crs and April 1, 2015 Rs. 0.93 Crs)]			
Total	**8.94**	**14.86**	**23.80**

12 (a) Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Cash and cash equivalents			
Balances with banks			
- in current accounts	6.52	6.90	7.36
- in deposits with original maturity of less than three months	-	89.80	-
Total	**6.52**	**96.70**	**7.36**

12 (b) Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Deposits with original maturity of more than 3 months but less than 12 months	-	30.00	44.57
Total	**-**	**30.00**	**44.57**

13 Other current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Advance to supplier	7.01	7.19	9.50
Advances to Staff and Workers	0.03	0.29	0.01
Export incentives receivable	0.09	0.02	-
Prepaid Expenses	1.46	1.59	4.35
Balances with government authorities	18.35	2.68	-
Total	**26.94**	**11.77**	**13.86**

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 amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	17.03	16.87	4.37
Loans	2.19	2.05	2.79
Other financial assets	72.97	271.52	43.59
Cash and cash equivalents (note12)	6.52	96.70	7.36
Bank balances other than cash and cash equivalents	-	30.00	44.57
Total	**98.71**	**417.14**	**102.68**
Current assets	54.72	376.36	75.89
Non-current assets	42.77	26.05	26.79
Total	**97.49**	**402.41**	**102.68**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments	36.54	58.38	17.36
Total	**36.54**	**58.38**	**17.36**
Current assets	36.54	58.38	17.36
Non-current assets	-	-	-
Total	**36.54**	**58.38**	**17.36**

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

Break-up of financial assets carried at fair value through other comprehensive income

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Derivative instruments - Foreign Exchange Forward Contracts	5.85	1.33	7.90
Total	**5.85**	**1.33**	**7.90**
Current assets	5.85	1.33	7.90
Non-current assets	-	-	-
Total	**5.85**	**1.33**	**7.90**

14 Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares (Nos)			
1000,000,000 (March 31, 2016: 500,000,000 and April 1, 2015: 400,000,000) equity shares of Rs. 10/- each	1,000.00	500.00	400.00
	1,000.00	**500.00**	**400.00**
Issued, subscribed and fully paid share capital (Nos)			
837,630,000 (March 31, 2016: 485,000,000 and April 1, 2015: 385,000,000) equity shares of Rs. 10/- each	837.63	485.00	385.00
Total issued, subscribed and fully paid-up share capital	**837.63**	**485.00**	**385.00**

(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 April 1, 2015	385,000,000	385.00
Changes during the period	100,000,000	100.00
At March 31, 2016	485,000,000	485.00
Changes during the period	352,630,000	352.63
At March 31, 2017	**837,630,000**	**837.63**

(d) 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, 2017		
%	51	49
No. of shares	427,191,300	410,438,700
As at March 31, 2016		
%	51	49
No. of shares	247,350,000	237,650,000
As at April 1, 2015		
%	51	49
No. of shares	196,350,000	188,650,000

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.

15 Other equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and surplus			
Retained earnings			
Opening balance	**(303.70)**	(230.06)	(111.74)
Add: Profit / (Loss) for the year	**(125.03)**	(73.64)	(118.32)
Items of other comprehensive income recognised directly in retained earnings:			
Re-measurements of post-employment benefit obligations, net of tax [Rs. Nil (March 31, 2016 Rs. Nil)]	**(0.13)**	-	-
Net surplus in the statement of profit and loss	**(428.86)**	**(303.70)**	**(230.06)**
Total Reserves and Surplus	**(428.86)**	**(303.70)**	**(230.06)**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Reserves			
Cash flow hedge reserve			
Opening balance	14.66	5.16	-
Add/ Less : Movement during the year	(9.50)	9.50	5.16
Less: Deferred tax on movement	-	-	-
Closing balance	**5.16**	**14.66**	**5.16**
Total	**(423.70)**	**(289.04)**	**(224.90)**

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 Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Non current borrowings			
Term loans			
a. Secured loan	-	442.98	485.22
b. Unsecured loan	-	-	-
Total non current borrowings	**-**	**442.98**	**485.22**
Less: amount disclosed under the head			
"Other current liabilities" (note 18b)	-	442.98	44.66
	-	**-**	**440.56**

Non current borrowings

Note explaining description of secured loan

Term loan facilities had been sanctioned by ICICI Ltd and State Bank of India to the Company aggregating to Rs 437 Crores which were drawn down by the Company. The loans were secured by first charge on moveable properties, first charge on all rights, title and interests of the Company and second charge on raw material stock, semi-finished, finished goods, and book debts and also by way of deposit of title deeds for immoveable property of the Company, mainly the plot of land and all construction thereon.

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

The repayment of term loans was scheduled on quarterly basis starting from quarter ending 12 months from Commercial Operation Date over a period of six years. The first instalment was due in June 2015, amounting to Rs. 10.96 Crores

The Company has prepaid the entire loan in May 2016.

17 Current trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	0.16	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
(i) Related Parties	4.59	5.71	3.31
(ii) Others	30.32	32.75	18.90
Total	**35.07**	**38.46**	**22.21**

Details of dues to micro and small enterprises as defined under The Micro, Small and medium enterprises Development (MSMED) Act 2006

	March 31, 2017	March 31, 2016	April 1, 2015
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	0.16	-	-
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	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	-	-	-

18 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Current maturities of long-term borrowings (note 16)	-	442.98	44.66
Interest accrued but not due on loans	-	-	0.58
Employee related payables	0.70	0.70	0.61
Derivative instruments - Foreign Exchange Forward Contracts (Loss)	0.01	0.14	1.85
Total	**0.71**	**443.82**	**47.70**

19 (a) Non-current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Gratuity & Superannuation	0.65	1.06	0.75
Provision for warranties	9.33	5.06	0.49
Provision for decommissioning liability	1.29	-	-
Total	**11.27**	**6.12**	**1.24**

19 (b) Current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for leave encashment	1.18	0.97	1.28
	1.18	**0.97**	**1.28**
Other provisions			
Provision for onerous contracts	35.82	17.80	-
	35.82	**17.80**	**-**
Total	**37.00**	**18.77**	**1.28**

Movement in provisions

	Provision for onerous contracts	Provision for warranties	Provision for Decommissioning Liability
As at April 1, 2016			
Balance at the beginning	17.80	5.06	-
Charged/(Credited) to profit or loss	-	-	-
Additional provision recognised	18.02	4.27	1.29
Amounts used during the year	-	-	-
As at March 31, 2017	**35.82**	**9.33**	**1.29**

20 Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unearned revenue	30.16	0.03	-
Customer advance	66.70	391.61	106.08
Statutory dues and other liabilities*	7.41	11.32	6.24
Total	**104.27**	**402.96**	**112.32**

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	-	-	485.22
Trade payable	35.07	38.46	22.21
Employee related payables	0.70	0.70	0.61
Other liabilities (Borrowings)	0.01	443.12	47.09
	35.78	**482.28**	**555.13**
Current liabilities	35.78	482.28	69.91
Non current liabilities	-	-	485.22
	35.78	**482.28**	**555.13**

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

21 Revenue from operations (net)

	March 31, 2017	March 31, 2016
Sale of products and services		
Sale of products (inclusive of excise duty)	289.60	325.42
Sale of services	0.19	1.80
Other operating revenue		
Export incentives	15.53	0.41
Sale of scrap	0.33	0.51
Exchange fluctuation gain (net)	-	5.45
Total	**15.86**	**6.37**
Revenue from operations (net)	**305.65**	**333.59**

Sale of products includes excise duty levied of Rs. 33.33 Crs (March 31, 2016 Rs. 2.94 Crs)

22 (a) Other income

	March 31, 2017	March 31, 2016
Dividend income from mutual fund investments designated at FVPL		
Current investment	2.51	3.80
Net gain on sale of current investments designated at FVPL	0.01	-
Liabilities no longer required written back	-	0.03
Miscellaneous income	1.80	0.65
Total	**4.32**	**4.48**

22 (b) Finance income

	March 31, 2017	March 31, 2016
Interest income from financial assets at amortised cost		
Bank deposits	3.72	5.24
Total	**3.72**	**5.24**

23 Cost of raw material and components consumed

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year	14.86	23.80
Add: Purchases	108.81	191.29
	123.67	**215.09**
Inventories at the end of the year	8.94	14.86
	114.73	**200.23**
Less: capitalised during the year	-	-
Total	**114.73**	**200.23**

24 Change in Inventories

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year		
Work-in-progress	-	-
Finished goods	-	-
Traded goods	-	-
	-	-
Less: inventories at the end of the year		
Work-in-progress	-	-
Finished goods	-	-
Traded goods	-	-
	-	-
	-	-

25 Employee benefits expense

	March 31, 2017	March 31, 2016
Salaries and wages	32.94	32.46
Contribution to provident and other funds	1.47	1.52
Gratuity expense (note 33)	0.30	0.36
Staff welfare expenses	0.94	1.39
	35.65	**35.73**

26 Finance costs

	March 31, 2017	March 31, 2016
Interest expense	3.70	60.07
Unwinding of discounts	1.02	0.48
	4.72	**60.55**

27 Depreciation and amortization expense

	March 31, 2017	March 31, 2016
Depreciation of tangible assets (note 3)	40.57	39.71
Amortization of intangible assets (note 4)	4.28	5.25
Impairment loss (note 40)	130.27	-
	175.12	**44.96**

28 (a) Other expenses

	March 31, 2017	March 31, 2016
Consumption of stores and spare parts	4.99	6.66
Power and fuel	3.94	4.30
Freight and forwarding charges (net)	15.92	10.37
Site expenses and Contract labour charges	19.95	23.04
Drawing, design and technical service charges	0.70	1.08
Advertisement and sales promotion	0.03	0.28
Rent	3.79	3.28
Rates and taxes	1.04	1.24
Insurance	0.64	0.74
Repairs and maintenance		
Plant and machinery	0.23	0.25
Buildings	1.21	1.02
Others	1.28	1.06
Travelling and conveyance	2.10	2.81
Legal and professional fees	6.31	8.02
Audit Fees (note 28 (b))	0.09	0.08
Director sitting fees	0.05	0.03
Exchange fluctuation loss	6.91	-
Warranty expenses (net)	3.46	4.08
Loss on sale / discard of assets (net)	0.07	0.12
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	2.40	4.03
	75.11	**72.49**

28 (b) Payment to auditors

	March 31, 2017	March 31, 2016
As auditor		
Audit and limited review fee	0.07	0.06
Tax audit fee	0.02	0.02
Total	**0.09**	**0.08**

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

28 (c) Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 :

	SBNs	Other denomination notes
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	-	-

Note: Company does not have the policy of maintaining cash balance hence there are nil receipts/deposit of SBN during the period specified above.

29 Earnings per share

	March 31, 2017	March 31, 2016
Net profit attributable to the Equity shareholders of the Company	(125.03)	(73.64)
Weighted average number of Equity shares of Rs.10/- each	779,663,425	393,219,178
Basic & Diluted EPS	(1.60)	(1.87)

30 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:
During the year ended March 31, 2017

	Cash flow hedge reserve	Retained Earnings	Total
Foreign currency translation differences	-	-	-
Currency forward contracts gains / (losses)	(9.50)	-	(9.50)
Reclassified to statement of profit or loss	-	-	-
Re-measurement gains / (losses) on defined benefit plans	-	(0.13)	(0.13)
Total	**(9.50)**	**(0.13)**	**(9.63)**

During the year ended March 31, 2016			
Currency forward contracts gains / (losses)	9.50	-	9.50
Reclassified to statement of profit or loss	-	-	-
Re-measurement gains (losses) on defined benefit plans	-	-	-
Total	**9.50**	**-**	**9.50**

31 Construction contracts

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Contract Revenue recognised during the year	289.60	325.42	35.39
In respect of contracts in progress as at March 31 :			
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	570.22	391.20	34.46
Customer advance outstanding for contracts in progress (Refer note 20 (b)	66.70	391.61	106.08
Retention money due from customers for contracts in progress	-	-	-
Gross amount due from customers [disclosed as unbilled revenue (Refer note 8 (b))]	47.55	230.73	18.73
Gross amount due to customers [disclosed as unearned revenue (Refer note 20 (b))]	30.16	0.03	-

32 Contingent Liabilities and commitments

A Contingent liabilities

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Income Tax demand (refer note i below)	Nil	Nil	Nil
Liability for export obligations	2.05	19.92	34.16

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 also 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.

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, 2016 Rs. 0.38 Crores, April 1, 2015 Rs. 22.70 Crores)

b) Lease commitments

i. Operating lease: Company as lessee

The Company has taken 2 office premises on operating lease. 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.

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

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

	March 31, 2017	March 31, 2016	April 1, 2015
Lease payments for the year	2.49	2.63	2.05
Within one year	2.49	2.48	2.05
After one year but not more than five years	6.66	9.15	Nil
More than five years	Nil	0.02	Nil

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 @ 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, 2015	2.38	(1.98)	**0.40**
Current service cost	0.25	-	**0.25**
Interest expense/(income)	0.27	(0.16)	**0.11**
Total amount recognised in Profit or Loss	**0.52**	**(0.16)**	**0.36**
Experience adjustments	-	-	-
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	-	-	-
Return on plan assets expense/(income)	-	-	-
Total amount recognised in Other Comprehensive Income	-	-	-
Employer contributions	-	(0.06)	**(0.06)**
Benefits paid	(0.13)	0.13	-
March 31, 2016	**2.76**	**(2.07)**	**0.69**

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**
Experience adjustments		-	-
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	-	-	-
Return on plan assets expense/(income)	0.19	(0.05)	**0.13**
Acquisition adjustments	-	-	-
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**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	2.76	2.76	2.38
Fair value of plan assets	2.46	2.07	1.98
Deficit of funded plan	**0.30**	**0.69**	**0.40**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.00%	8.00%	8.00%
Salary growth rate	7.00%	7.00%	7.00%
Expected return on plan assets	8%	-	9.00%
Normal retirement age	60 Years	60 Years	60 Years
Mortality table	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate
Employee turnover	10%	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, 2017	March 31, 2016
Discount rate		
1.00% increase	(0.10)	(0.12)
1.00% decrease	0.19	0.13
Future salary increase		
1.00% increase	0.17	0.11
1.00% decrease	(0.08)	(0.10)
Attrition Rate		
1.00% increase	NA	0.01
1.00% decrease	NA	(0.01)

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, 2017	March 31, 2016
Within next 12 months	0.42	0.87
Between 2-5 years	1.81	3.99
Between 5-10 years	2.19	2.77

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.32 years (March 31, 2016: 7.86 years)

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

V The major categories of plan assets are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments with Insurer (LIC OF INDIA)	100.00%	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.

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.

34 A Related party disclosures

Sr. No.	Name of the entity	Place of business/ Country of incorpo-ration	Ownership interest		
			March 31, 2017	March 31, 2016	April 1, 2015
A	Shareholders				
	Thermax Limited	India	**51%**	51%	51%
	Babcock & Wilcox India Holdings, Inc.	USA	**49%**	49%	49%
B	Associate Companies				
1	Thermax Onsite Energy Solutions Ltd	India	**NA**	NA	NA
2	Thermax Instrumentation Ltd.	India	**NA**	NA	NA
3	Thermax Engineering Construction Company Ltd.	India	**NA**	NA	NA
4	Thermax Sustainable Energy Solutions Ltd.	India	**NA**	NA	NA
5	Thermax International Ltd.	Mauritius	**NA**	NA	NA
6	Thermax Europe Ltd.	United Kingdom	**NA**	NA	NA
7	Thermax Inc.	USA	**NA**	NA	NA
8	Thermax do Brasil Energia eEquipamentos Ltda	Brazil	**NA**	NA	NA
9	Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.	China	**NA**	NA	NA
10	Thermax Netherlands BV.	Netherlands	**NA**	NA	NA
11	Thermax Denmark ApS	Denmark	**NA**	NA	NA
12	Danstoker A/S	Denmark	**NA**	NA	NA
13	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	**NA**	NA	NA
14	Boilerworks A/S	Denmark	**NA**	NA	NA
15	Boilerworks Properties ApS Industrivej	Denmark	**NA**	NA	NA
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	**NA**	NA	NA
17	Thermax SDN.BHD	Malaysia	**NA**	NA	NA
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	**NA**	NA	NA
19	PT Thermax International	Indonesia	**NA**	NA	NA
20	Thermax Senegal S.A.R.L	Senegal	**NA**	NA	NA
21	First Energy Private Limited	India	**NA**	NA	NA
22	Thermax Hongkong Ltd (Hongkong)	Hongkong	**NA**	NA	NA
23	Thermax Nigeria Ltd	Nigeria	**NA**	NA	NA
24	Thermax Energy & Environment Philippines Corporation	Philippines	**NA**	NA	NA
25	Omnical Kessel - und Apparatebau GmbH	Germany	**NA**	NA	NA
26	Babcock & Wilcox Enterprise, Inc.				
27	Babcock & Wilcox Company				
28	Thermax SPX Energy Technologies Ltd	India	**NA**	NA	NA
29	Babcock & Wilcox Volund.		**NA**	NA	NA

B Key Management Personnel

1 Mr. Deepak Chopra - Chief Executive Officer (Upto December 31, 2016)

2 Mr. Kedar P. Phadke – Company Secretary

3 Mr. Bipeen Valame - Chief Financial Officer (Upto October 21, 2016)

4 Mrs. Meher Pudumjee - Non Executive Director

5 Mr. Ravindra Advani - Non Executive Director

6 Mr. Amitabha Mukhopadhyay - Non Executive Director

7 Mr. M S Unnikrishnan - Non Executive Director

8 Mr. Christopher Jones - Non Executive Director

9 Mr. Mark Low - Non Executive Director

10 Mr. Mark Carano - Non Executive Director

11 Mr. Cameron Frymyer - Non Executive Director

12 Mr. Suhas Tuljapurkar - Independent Director

13 Mr. S Parthasarathy - Independent Director

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Crores, unless otherwise stated)

Transactions with Related parties:

Particulars	Thermax Limited	Thermax SPX Energy Technologies Ltd.	Babcock & Wilcox India Holdings Inc	Babcock & Wilcox Company	Babcock & Wilcox Volund	Key Management Personnel	Total
	March 31, 2017 (March 31, 2016) (April 1, 2015)						
Equity Infusion/Share Application Money	179.84	-	172.79	-	-	-	352.63
	(51)	(-)	(49)	(-)	(-)	(-)	(100)
	(-)		(-)	(-)	(-)	(-)	(-)
Sale*	-	-	-	479.46	-	-	479.46
	(0.69)	(-)	(-)	(73.55)	(61.65)	(-)	(135.89)
	(32.15)	(-)	(-)	(-)	(-)	(-)	(32.15)
Services / Job work done	-	-	-	0.19	-	-	0.19
	(1.72)	(-)	(-)	(0.08)	(-)	(-)	(1.80)
	(0.5)	(-)	(-)	(-)	(-)	(-)	(0.5)
Recovery of Personnel cost & other expenses	0.22	-	-	0.32	-	-	0.54
	(0.02)	(-)	(-)	(0.31)	(-)	(-)	(0.33)
	(-)	(-)	(-)	(0.32)	(-)	(-)	(0.32)
Purchase	0.11	-	-	-	-	-	0.11
	(2.20)	(-)	(-)	(-)	(-)	(-)	(2.20)
	(4.61)	(-)	(-)	(-)	(-)	(-)	(4.61)
Consultancy services obtained	-	-	-	0.29	-	-	0.29
	(-)	(-)	(-)	(1.2)	(-)	(-)	(1.20)
	(-)	(-)	(-)	(1.35)	(-)	(-)	(1.35)
Provision for rework charges on site	-	-	-	4.19	13.82	-	18.02
	(-)	(-)	(-)	(-)	(17.80)	(-)	(17.80)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Reimbursement of Personnel Cost & Other Expenses	0.30	-	-	1.63	-	2.43**	4.36
	(0.78)	(0.02)	(-)	(2.1)	(-)	(4.89)**	(7.79)
	(-)	(0.04)	(-)	(1.8)	(-)	(4.05)**	(4.05)

*** sales to related party are reported on 'billed' basis**
****includes Rs. 1.78 Crores (March 31, 2016 : Rs. 2.68 Crores, April 1, 2015 : Rs. 2.93 Crores) as reimbursement of employee cost to a related party.**

Balances at the year end

Particulars	Thermax Limited	Thermax SPX Energy Technologies Ltd.	Babcock & Wilcox India Holdings Inc	Babcock & Wilcox Company	Babcock & Wilcox Volund	Key Management Personnel	Total
	March 31, 2017 (March 31, 2016) (April 1, 2015)						
Advances outstanding	-	-	-	66.70	-	-	66.70
	(-)	(-)	(-)	(391.61)	(-)	(-)	(391.61)
	(-)	(-)	(-)	(94.46)	(11.62)	(-)	(106.08)
Trade Receivables outstanding	0.19	-	-	0.26	16.58	-	17.03
	(0.23)	(0.06)	(-)	(-)	(16.58)	(-)	(16.87)
	(1.85)	(0.04)	(-)	(-)	(-)	(-)	(1.89)
Trade Payables outstanding	0.30	-	-	4.29	-	-	4.59
	(0.28)	(-)	(-)	(5.20)	(-)	(-)	(5.48)
	(1.89)	(-)	(-)	(1.46)	(-)	(-)	(3.35)
Guarantees and Collateral	-	-	-	-	-	-	-
	(66.30)	(-)	(-)	(63.7)	(-)	(-)	(130)
	(66.30)	(-)	(-)	(63.7)	(-)	(-)	(130)

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

35 Segment reporting

The Company's portfolio includes subcritical and supercritical boilers and related services. The COO of the Company, Mr. Niranjan Pawgi, has been identified as the chief operating decision maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the COO; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The COO 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, 2017	March 31, 2016	April 1, 2015
Revenue			
India	-	1.61	18.40
North America	289.76	281.27	16.87
Europe	0.03	44.34	0.62
Other			
Total Revenue	**289.79**	**327.22**	**35.89**
Carrying Amount of Segment Assets			
India	602.25	1,106.09	785.41
North America	-	-	-
Europe	-	-	-
Other	-	-	-
Total Asset	**602.25**	**1,106.09**	**785.41**
Addition to Fixed assets			
India	2.06	7.69	36.22
North America	-	-	-
Europe	-	-	-
Other	-	-	-
Total Addition to Fixed assets	**2.06**	**7.69**	**36.22**

Impairment of Assets as at 31st March, 2017

Particulars	India	North America	Europe	Other	Total Impairment Loss
Buildings	53.0	-	-	-	53.01
Plant and equipment	71.6	-	-	-	71.61
Office Equipments	0.8	-	-	-	0.77
Computers	0.2	-	-	-	0.21
Furniture and fixtures	0.2	-	-	-	0.16
Vehicles	0.2	-	-	-	0.20
Computer software	0.1	-	-	-	0.08
Technical know-how	4.2	-	-	-	4.23
Total	130.3	-	-	-	130.27

36 Fair value measurements
Financial instruments by category

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets						
Investments						
Mutual funds	36.54	58.38	17.36	36.54	58.38	17.36
Trade receivables	17.03	16.87	4.37	17.03	16.87	4.37
Loans	2.19	2.05	2.79	2.19	2.05	2.79
Cash and bank balances	6.52	126.70	51.93	6.52	126.70	51.93
Derivative financial assets	5.85	1.33	7.90	5.85	1.33	7.90
Other financial assets	72.97	271.52	43.59	72.97	271.52	43.59
Total financial assets	**141.10**	**476.85**	**127.94**	**141.10**	**476.85**	**127.94**
Financial liabilities						
Borrowings	-	-	485.22	-	-	485.22
Trade payables	35.07	38.46	22.21	35.07	38.46	22.21
Other financial liabilities	0.71	443.82	47.70	0.71	443.82	47.70
Total financial liabilities	**35.78**	**482.28**	**555.13**	**35.78**	**482.28**	**555.13**

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, 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	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2016	58.38	-	-
Derivative financial assets	31 March 2016	-	1.33	-

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees Crores, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2016	17.36	-	-
Derivative financial assets	31 March 2016	-	7.90	-

37 (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. 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, 2017 and March 31, 2016.

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, 2016.

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 31,2017 and March 31,2016 including the effect of hedge accounting.

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, 2017	1% Increase	(0.13)	(0.13)
	1% Decrease	0.13	0.13
March 31, 2016	1% Increase	(8.01)	(8.01)
	1% Decrease	8.01	8.01
April 1, 2015	1% Increase	(0.05)	(0.05)
	1% Decrease	0.05	0.05

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.

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

(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, 2017	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	-	35.00			
Other financial liabilities					
Other payables		1.00	-	-	-

March 31, 2016	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	444.00	-	-	-
Trade Payables	-	38.00	-	-	-
Other financial liabilities					
Other payables	-	444.00	-	-	-

April 1, 2015	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	441.00	-	-
Trade Payables	-	22.00	-	-	-
Other financial liabilities			-	-	-
Other payables	-	48.00	-	-	-

38 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 92% of the Company's orders in hand (after excluding the advances received) in US Dollar and Euro about 100% of its total purchase 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, 2017		March 31, 2016		April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	5.85	(0.01)	1.33	(0.14)	7.90	(1.85)

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, 2017		March 31, 2016		April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedge Foreign exchange forward contracts	123.86	(5.16)	151.13	(44.00)	348.37	(188.66)

All the derivative contracts expire in next 12 months.

39 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, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.**

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	-	-	440.56
Trade payables	**35.07**	38.46	22.21
Less: Cash and cash equivalents	**(6.52)**	(126.70)	(51.93)
Net debt	**28.55**	(88.24)	410.84
Equity	**837.63**	485.00	385.00
Capital and net debt	**866.18**	396.76	795.84

40 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. 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 35 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.

41 First-time adoption

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first financial statements for Company which has been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

a) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible asses under development.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their previous GAAP carrying value.

I Exceptions applied

a) Hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Company has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Company, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Company continues to apply hedge accounting after the date of transition to Ind AS.

b) De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS .

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Description	Notes to first time adoption	March 31, 2016	April 1, 2015
	Total Equity as per previous GAAP		194.13	154.74
	Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i	Finance cost	7	-	5.18
ii	Others	4,5	1.83	0.18
	Total Ind-AS adjustments			
	Total Equity as per Ind-AS		195.96	160.10

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Description	Notes to first time adoption	Year ended March 31, 2016
	Net profit after tax under previous GAAP (after share of loss of associate and minority interest)		**(70.10)**
	Ind AS adjustments [Increase in profits / (decrease in profits)]		
i	Finance cost	7	(5.18)
ii	Others	4, 5	1.64
	Total of adjustments		
	Net Profit after tax as per Ind-AS		**(73.64)**
	Other Comprehensive Income (net of taxes)		9.50
	Total Comprehensive Income as per Ind-AS		**(64.14)**

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities		114.93	(40.13)	74.80
Net cash flows from investing activities		(25.43)	0.04	(25.39)
Net cash flows from financing activities		(0.16)	40.09	39.93
Net increase/(decrease) in cash and cash equivalents		**89.34**	**0.00**	**89.34**
Cash and cash equivalents as at April 1, 2015		7.36	-	7.36
Cash and cash equivalents as at March 31, 2016		**96.70**	**-**	**96.70**

Notes to first time adoption

i Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost recognised in Other Comprehensive Income is Rs. 0.13 crores as at March 31, 2017.

ii Excise duty

Under the previous GAAP, revenue from sale of products was presented net of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit or loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2017 by Rs. 33.39 Crores (March 31, 2016 Rs. 2.99 Crores). There is no impact on the total equity and profit.

iii Provisions

Under Indian GAAP, the Company has accounted for provisions, including long-term provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle

Notes to financial statements for the year ended March 31, 2017

(All amounts in Rupees Crores, unless otherwise stated)

the obligation. The discount rate(s) should not reflect risks for which future cash flow estimates have been adjusted. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. Provisions also include provision for decommissioning liabilities as required under Ind-AS 16 added to the cost of property, plant and equipment amounting to INR 1.02 Crores. (1 April 2015: INR Nil Crores).

iv Other comprehensive income

Under Indian GAAP, the Company had not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

v Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

vi Finance cost

The shareholders of the Company had provided guarantees in relation to the borrowings of the Company. The fair value of such guarantees are considered as additional equity as per IND AS with the corressponding impact considered as deferred interest expenditure. As the entire borrowings have been subsequently repaid in May 2016, the amount of such deferred interest expenditure has been written off to finance cost.

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Ltd.

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director
DIN: 01677195

Niranjan Pawgi
Chief Operating Officer

Kedar Phadke
Company Secretary

Place: Pune
Date: May 24, 2017

FIRST ENERGY PVT. LTD.

Board of Directors

Mahesh Yagnaraman
Amitabha Mukhopadhyay
Hemant Mohgaonkar
Naveen Kumar Kshatriya
Raymond Moses
Sreeram Thiagarajan
Sriram Vishwanathan

Registered Office

B-101, Signet Corner, Baner Road,
Baner, Pune, 411045

Auditors

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

Key Managerial Personnel

Mahesh Yagnaraman (Managing Director and Chief Executive Officer)
Dinesh Sarnaik (Chief Financial Officer)
Ramesh Patil (Company Secretary)

Bankers

HDFC Bank
Union Bank of India
State Bank of India

DIRECTORS REPORT

Dear Shareholder,

The Directors have pleasure in presenting the Ninth Annual Report of the company for the year ended March 31, 2017.

FINANCIAL RESULTS

(Rupees in Lakh)

Particulars	**2016-17**	**2015-16**
Total income	1935.46	2576.86
Profit/(Loss) before depreciation	(409.86)	(260.05)
Depreciation	400.05	310.12
Profit/(Loss) before tax	(809.91)	(570.17)
Provision for taxation (incl. deferred tax)	(6.13)	19.13
Items that not be reclassified to profit or loss	8.78	9.93
Profit/(Loss) after tax	(795.00)	(579.37)

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs. 1935.46 lakh as against Rs. 2576.86 lakh in the previous year. Loss before depreciation stood at Rs. 409.86 lakh (previous year, Rs. 260.05 lakh) and Loss after depreciation and tax was Rs. 795.00 lakh (previous year Rs. 579.37 lakh).

The reasons for the performance are the competitive context of Global oil prices and consequently low LPG prices. Due to this the customers of Company have not got the value and resulted in reduced consumption. The price of LPG in Sep 2016 was lowest in last 8 years.

The prices of LPG have started stabilizing slowly and that will allow better pricing for oorja pellets and realisation and ability to build back customer volumes.

Also the Company strives to improve its offering to the customers by bringing in more innovative solutions and differential pricing strategies so as to improve its overall performance, in the coming financial year.

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

With a view to conserve funds for future requirement 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. 1946.64 lakh (Equity Shares – Rs. 1346.64 lakh and 8% Redeemable Preference Shares – Rs. 600 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

Management has taken appropriate measures for identification of risk elements related to the Industry, in which the Company is engaged, and is always trying to reduce the impact of such risks.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls and those are operating effectively.

STATEMENT ON DECLARATION GIVEN 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.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board at its meeting held on January 20, 2017 has approved a 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. Sriram Vishwanathan was appointed as Nominee Director on the board through circular resolution passed on March 29, 2017. Mr. Mukund Deogaonkar has resigned from the office of whole time Director w.e.f. March 31, 2017.

In accordance with the provisions of the Companies Act, 2013 Mr. Sreeram Thiagarajan and Mr. Raymond Moses retires by rotation and being eligible offers, themselves for re-appointment.

BOARD MEETINGS

The Board met Eight times on May 16, 2016, July 20, 2016, August 22, 2016, August 24, 2016, August 25, 2016, August 31, 2016, October 25, 2016 and January 20, 2017 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.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Committee met once during the year on January 20, 2017. The Committee comprises 4 (Four) members, all being non-executive Directors namely Amitabha Mukhopadhyay (Chairman), Hemant Mohgaonkar, Raymond Moses and Sreeram Thiagarajan.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met once during the year on January 20, 2017. The Committee comprises 4 (Four) members, all being non-executive Directors namely Amitabha Mukhopadhyay (Chairman), Hemant Mohgaonkar, Raymond Moses and Sreeram Thiagarajan.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the company are mentioned in Form AOC 2 enclosed as *"Annexure - 2"*

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 Accounting Standard 18 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 has taken the appropriate steps to comply with the legal provisions relating to conservation of energy.

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 lakh)
Foreign currency earnings	0.52
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

The company has not received any complaints regarding sexual harassment during the year.

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. The ratification of his appointment for financial year 2017-18 is proposed in ensuing 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
First Energy Private Limited

Mahesh Yagnaraman	**Amitabha Mukhopadhyay**
Director	Director
DIN: 00132976	DIN: 01806781

Pune, May 3, 2017

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

Mahesh Yagnaraman	**Amitabha Mukhopadhyay**
Director	Director
DIN: 00132976	DIN: 01806781
Pune, May 3, 2017	

ANNEXURE 2

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

Details of contracts or arrangements or transactions at arm's length basis:

Name of the related party	**Topwheelz Automotive Private Limited**	**Thermax Limited**	**Thermax Limited**
Nature of relationship	Shareholder and Director of Company is Shareholder (Mr. Naveen Kumar Kshatriya)	Holding Company	Holding Company
Nature, duration of the contract	2 years	3 years	3 years
Particulars of the contract	Mobile App Development Services	Purchase of Boilers and other spares	Sale of pellets (Biomass fuel)
Material term (value)	Rs. 12 Lakh (Plus Taxes as applicable)	Rs. 1 Crore (Plus Taxes as applicable)	Rs. 50 Lakh (Plus Taxes as applicable)
Advance paid or received	Nil	Nil	Nil
The manner of determining the pricing and other commercial terms	At arm's length basis	At arm's length basis and in ordinary course of business	At arm's length basis and in ordinary course of business
Date(s) of approval by the Board	July 20, 2016	July 20, 2016	July 20, 2016

For and on behalf of the Board of Directors of
First Energy Private Limited

Mahesh Yagnaraman	**Amitabha Mukhopadhyay**
Director	Director
DIN: 00132976	DIN: 01806781
Pune, May 3, 2017	

ANNEXURE 3

FORMNO.MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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	:	U40200PN2008FTC139032
II.	Registration Date	:	05.11.2008
III.	Name of the Company	:	First Energy Private Limited
IV.	Category / Sub-Category of the Company	:	Private (deemed Public) Company / Limited by Shares
V.	Address of the Registered office and contact details	:	B-101, Signet Corner, Baner Road, Baner, Pune- 411045
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	Biomass pellets	37200	98.63
2	Gasification technology cooking stoves	29302	0.33

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

E	Name and Address of the company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
1	Thermax Limited	L29299MH1980PLC022787	Holding Company	68.64	2(46)
	D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019			(Including Equity and 8% Redeemable Preference Shares)	

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 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	1810778	-	1810778	13.45	1231313	-	1231313	9.14	-4.30
b) Central Govt.(s)	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4488340	-	4488340	33.33	7361389	-	7361389	54.67	21.34
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1) :	**6299118**	**-**	**6299118**	**46.78**	**8592702**	**-**	**8592702**	**63.81**	**17.03**
(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)	**6299118**	**-**	**6299118**	**46.78**	**8592702**	**-**	**8592702**	**63.81**	**17.03**
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	NIL								
a) Bodies Corp.									
i) Indian	1313666	-	1313666	9.76	240582	-	240582	1.79	-7.97
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1lakh	2039626	3813955	5853581	43.47	4633081	-	4633081	34.40	-17.03
c) Others (specify)									
- Directors Relative									
- Trusts									
- Foreign Bodies Corporate									
- Foreign Bodies-DR	------ NIL ------								
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2)	**3353292**	**3813955**	**7167247**	**53.22**	**4873663**	**-**	**4873663**	**36.19**	**17.03**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**3353292**	**3813955**	**7167247**	**53.22**	**4873663**	**-**	**4873663**	**36.19**	**17.03**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**9652410**	**3813955**	**13466365**	**100**	**13466365**	**-**	**13466365**	**100**	**0**

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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	Mahesh Yangnarman	1810778	13.45	Nil	1231313	9.14	Nil	-4.30
2	Thermax Limited	4488340	33.33	NIL	7361389	54.67	NIL	21.34
	Total	**6299118**	**46.78**	**NIL**	**8592702**	**63.81**	**NIL**	**17.03**

iii. Change in Promoters' Shareholding:

Sl No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)		Changes during the year			Shareholding at the end of the year (As on 31-03-2017)	
		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	1810778	13.45	31/8/16	-579465	Transfer	1231313	9.14
2.	Thermax Limited	4488340	33.33	31/8/16	2873049	Transfer and Allotment	7361389	54.67

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 (01-04-2016 to 31-03-2017)	
		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
1.	The Alchemists Ark Pvt. Ltd.	1313666	9.79	31.08.16	-1073084	Transfer	240582	1.79
2.	Mukund Deogaonkar	1542515	11.45	31.08.16	-493619	Transfer	1048896	7.79

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 (01-04-2016 to 31-03-2017)	
		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
	Mahesh Yangnarman	1810778	13.45	31/8/16	-579465	Transfer	1231313	9.14
	Naveen Kumar Kshatriya (Jointly with Puja Kshatriya)	2271440	16.87	31/8/16	-726881	Transfer	1544559	11.47
	Raymond Moses	1019813	7.57	-	-	-	1019813	7.57
	Sreeram Thiagarajan	1019813	7.57	-	-	-	1019813	7.57

VI. 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 (01.04.2016)					
i)	Principal Amount	-	40.91	-	40.91
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	40.91	-	40.91
Change in indebtedness during the financial year		-	-	-	-
Addition		-	4.19	-	4.19
Reduction		-	38.54	-	38.54
Net Change		**-**	**(34.35)**	**-**	**(34.35)**
Indebtedness at the end of the financial year (31.03.2017)		-	6.56	-	6.56
i)	Principal Amount	-	6.56	-	6.56
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	6.56	-	6.56

VII. 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)	**Mukund Deogaonkar** (Rupees in Lakh)
1	Gross salary	27.00	27.00
	(a) Salary as per provisions containedinsection17(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 undersection17(3)Income- taxAct,1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit		
	- others, specify…		
5	Others, please specify (Retrial Benefits)		
	Total (A)	27.00	27.00
	Ceiling as per the Act	84.00	84.00

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rupees in Lakh)
1.	Independent Directors	-------------------------------------NIL-------------------------------------					
	Fee for attending board / committee meetings						
	Commission						
	Others, please specify						
	Total(1)						
2.	Other Non-Executive Directors	Amitabha Mukhopadhyay	Hemant Mohgaonkar	Raymond Moses	Sreeram Thiagarajan	Naveen Kumar Kshatriya	Sriram Vishwanathan
	Directors	-------------------------------------NIL-------------------------------------					
	Fee for attending board /						
	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 Rs. Lakh

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer (Mahesh Yagnaraman)	**Company Secretary (Ramesh Patil)**	**Chief Financial Officer (Dinesh Sarnaik)**	**Total**
1.	Gross salary	Same as VI above	4.05	8.24	12.29
(a)	Salary as per provisions contained in section17(1)of the Income-tax Act,1961	-	-	-	-
(b)	Value of perquisites u/s 17(2)Income-taxAct,1961	-	-	-	-
(c)	Profits in lieu of salary under section 17(3)Income-taxAct,1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as% of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify (Retrial Benefits)	-	-	-	-
	Total	**-**	**4.05**	**8.24**	**12.29**

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
First Energy Private Limited

Mahesh Yagnaraman
Director
DIN: 00132976
Pune, May 3, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

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, 2017, 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 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, 2017, 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, 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 32A 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

      iv. The Company has provided requisite disclosures in Note 13a to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For **B. K. Khare & Co**.
Chartered Accountants
ICAI Firm Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168
Pune, May 3, 2017

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) The Fixed assets of the Company have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt in books of accounts.

(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 conducted physical verification of inventory at during 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 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 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 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)
Local Sales tax (MVAT Act 2005)	Sales Tax	Appellate Authority up to Commissioner level	2008-09	29.61

(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) 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 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

H. P. Mahajani
Partner
Membership Number: 030168
Pune, May 3, 2017

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, 2017 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, 2017, 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
Pune, May 3, 2017

Balance Sheet as at March 31, 2017

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

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
I. Non-current assets				
Property, plant and equipment	3	1,077.10	980.43	945.12
Capital work-in-progress	3	-	21.89	-
Intangible assets	4	116.28	113.84	110.78
Intangible assets under development	4	-	14.53	14.53
Deferred Tax Assets (net)	5	-	-	13.00
Other non-current assets	10	63.46	60.05	50.83
Total non-current assets		**1,256.84**	**1190.74**	**1,134.26**
II. Current assets				
Inventories	11	167.31	128.12	129.09
Financial assets				
(a) Trade receivables	6	66.33	39.36	26.53
(b) Cash and cash equivalents	12	75.41	29.48	31.71
(c) Bank balances other than (b) above	13	38.00	345.00	-
(d) Loans	7	31.53	33.00	38.06
(e) Other financial assets	8	0.07	13.32	0.62
Income tax assets (net)	9	2.66	6.09	3.72
Other current assets	14	55.70	75.84	102.36
Total current assets		**437.01**	**670.21**	**332.09**
Total assets		**1,693.85**	**1860.95**	**1,466.34**
Equity and liabilities				
III. Equity				
Equity share capital	15	1,346.64	1346.64	925.00
Other equity	16	(921.29)	(249.65)	(248.65)
		425.35	**1096.99**	**676.35**
IV. Non-current liabilities				
Financial liabilities				
(a) Borrowings	17(a)	514.72	-	-
Deferred Tax Liability (net)	5	-	6.13	-
		514.72	**6.13**	**-**
V. Current liabilities				
Financial liabilities				
(a) Borrowings	**17(b)**	**6.56**	**40.91**	**4.54**
(b) Trade payables	18			
i. total outstanding dues of micro enterprises and small enterprises		-	-	-
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		367.45	274.98	316.54
(c) Other current financial liabilities	19	303.24	330.62	417.66
Other current liabilities	21	44.00	76.36	18.20
Provisions	20	32.53	34.96	33.05
		753.78	**757.83**	**789.99**
Total equity and liabilities		**1,693.85**	**1860.95**	**1,466.34**
Summary of significant accounting policies	2.1			
Summary of significant accounting judgements, estimates and assumptions	2.2			

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
First Energy Private Limited

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 03, 2017

Mahesh Yagnaraman
Managing Director
DIN: 00132976

Place: Pune
Date: May 03, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 03, 2017

FIRST ENERGY PVT. LTD.

Statement of profit and loss for the year ended March 31, 2017

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

Particulars	Notes	March 31, 2017	March 31, 2016
Income			
Revenue from operations	22		
Sale of Products		1863.99	2450.88
Operating Income		51.70	79.25
Revenue from operations		1,915.69	2530.13
Other income	23	19.77	46.73
Total Income (I)		**1935.46**	**2576.86**
Expenses			
Cost of raw materials and components consumed	24	988.73	1195.93
(Increase) / decrease in inventories of finished goods	25	(31.11)	(11.21)
Employee benefits expense	26	527.95	615.73
Finance cost	27	42.27	18.76
Depreciation and amortisation expense	28	400.05	310.12
Other Expenses	29	817.48	1017.70
Total expenses (II)		**2,745.37**	**3147.03**
Profit/(loss) before tax III - (I-II)		**(809.91)**	**(570.17)**
Tax expense			
Current tax		-	-
Deferred tax	5	(6.13)	19.13
Total tax expense		**(6.13)**	**19.13**
Profit/(loss) for the year		**(803.78)**	**(589.30)**
Other comprehensive income			
A. Items that may be reclassified to profit or loss			
Net movement on Cash Flow Hedge		-	-
Income tax effect		-	-
		-	-
B. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	35	8.78	9.93
Less: Income tax effect		-	-
Current tax		8.78	9.93
Total other comprehensive income for the year, net of tax.		**8.78**	**9.93**
Total comprehensive income for the year		**(795.00)**	**(579.37)**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2016: 10/-)] Basic and Diluted	31	**(5.97)**	**(4.52)**
Summary of significant accounting policies	2.1		
Summary of significant accounting judgements, estimates and assumptions	2.2		

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: May 03, 2017

For and on behalf of the Board of Directors of
First Energy Private Limited

Mahesh Yagnaraman
Managing Director
DIN: 00132976

Place: Pune
Date: May 03, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 03, 2017

Cash flow statement for the year ended March 31, 2017

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

		Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
A)	**Cash flows from operating activities**			
	Profit/(loss) before tax		(809.91)	(570.17)
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation and amortization	28	400.05	310.12
	Provision for impairment allowance of financial asset(net)	29	5.18	(2.84)
	Interest Expenses	27	42.27	18.76
	Bad debts written off/ Provision	29	11.98	13.68
	Loss on sale / discard of assets (net)	29	2.74	6.26
	Liabilities no longer required written back	23	(10.25)	(17.58)
	Dividend and interest income classified as investing cash flows	23	(9.52)	(29.15)
	Working capital adjustments			
	(Increase) in Trade Receivables		(42.65)	(26.51)
	(Increase) / Decrease in Inventories		(39.19)	0.97
	(Increase) in Other non-current assets		(3.41)	(9.22)
	Decrease in Other non-current assets		1.47	5.06
	(Increase) / Decrease in Other current financial assets		13.25	(12.70)
	Decrease in Other current assets		20.14	26.52
	Increase / (Decrease) in Trade Payables		92.47	(41.56)
	Increase in Provisions		6.35	11.84
	Increase / (Decrease) in Other current liabilities		(23.58)	68.09
	(Decrease) in Other current financial liabilities		(27.38)	(87.04)
	Cash generated from operations		**(369.99)**	**(335.47)**
	Direct taxes paid (net of refunds received)		3.43	(2.37)
	Outflow from operating activities		**(366.56)**	**(337.84)**
B)	**Cash flows from /(used in) investing activities**			
	Purchase of Tangible and Intangible assets		(470.24)	(367.92)
	Fixed Deposits with Banks made		(38.00)	(370.00)
	Fixed Deposits with Banks realised		345.00	25.00
	Proceeds from sale of Equipment		4.76	1.78
	Interest received		9.52	29.15
	Net cash flows (used in) investing activities		**(148.96)**	**(681.99)**
C)	**Cash flows from/ (used in) financing activities**			
	Proceeds from Borrowings(Preference shares)		476.64	90.25
	Proceeds from Other Equity(Preference Shares)		123.36	-
	Repayment of Borrowings		(34.35)	(53.87)
	Proceeds from issue of share capital		-	1,000.00
	Interest paid		(4.19)	(18.76)
	Net cash flows from financing activities		**561.46**	**1,017.62**
	Net increase / (decrease) in cash and cash equivalents		**45.93**	**(2.23)**
	Cash and cash equivalents at the beginning of the year		29.48	31.71
	Cash and cash equivalents at the end of the year		**75.41**	**29.48**

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

	March 31, 2017	March 31, 2016
Cash and cash equivalents (Note 12)	75.41	29.48
Book overdraft	-	-
Balances as per Cash flow statement	**75.41**	**29.48**

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

For and on behalf of the Board of Directors of
First Energy Private Limited

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 03, 2017

Mahesh Yagnaraman
Managing Director
DIN: 00132976

Place: Pune
Date: May 03, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 03, 2017

FIRST ENERGY PVT. LTD.

Statement of changes in Equity for the year ended March 31, 2017

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

A Equity Share Capital

	Notes	March 31, 2017	March 31, 2016	April 1, 2015
Balance at the beginning of the reporting period	14	1,346.64	925.00	**925.00**
Changes in equity shares capital during the year	14	-	421.64	**-**
Balance at the end of the reporting period	14	**1,346.64**	**1,346.64**	**925.00**

B Other Equity

Particulars	**Reserves & Surplus**				**Total Other Equity**
	Retained Earnings	**Securities Premium**	**Total**	**Equity component of Compound Financial Instruments**	
As at April 1, 2015	**(841.76)**	**83.12**	**(758.65)**	**510.00**	**(248.65)**
Profit/(loss) for the year	(589.30)	-	(589.30)	-	(589.30)
Issue of equity shares	-	1,088.36	1088.36	-	1088.36
Other comprehensive income	9.93	-	9.93	-	9.93
Total comprehensive income	**(1421.13)**	**1,171.48**	**(249.65)**	**510.00**	**260.35**
Transaction of issue of equity shares	-	-	-	(510.00)	
As at March 31, 2016	**(1421.13)**	**1,171.48**	**(249.65)**	**-**	**(249.65)**
Profit/(loss) for the year	(803.78)	-	(803.78)	-	(803.78)
Other Comprehensive Income	8.78	-	8.78	-	8.78
Total comprehensive income	**(2216.14)**	**1,171.48**	**(1044.66)**	**-**	**(1044.66)**
Issuance of preference share (Equity component)	-	-	-	123.36	
As at March 31, 2017	**(2216.14)**	**1,171.48**	**(1044.66)**	**123.36**	**(921.29)**

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 03, 2017

For and on behalf of the Board of Directors of
First Energy Private Limited

Mahesh Yagnaraman
Managing Director
DIN: 00132976

Place: Pune
Date: May 03, 2017

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: May 03, 2017

Statement of changes in Equity for the year ended March 31, 2017

(All amounts are in Rupees in 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)
Deemed cost as at April 1, 2015	**10.33**	**2,041.08**	**11.15**	**66.30**	**22.29**	**2,151.15**	**-**
Additions	-	305.63	2.10	1.08	6.74	315.56	21.89
Disposals/Transfers	-	(27.64)	-	-	(0.14)	(27.78)	-
Gross carrying amount as at March 31, 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/Transfers	-	(44.17)	-	-	-	(44.17)	21.89
Gross carrying amount as at March 31, 2017	10.33	2,742.32	13.97	67.85	28.89	2,863.36	
Accumulated depreciation as at April 1, 2015	**10.33**	**1,114.70**	**9.03**	**63.01**	**8.96**	**1,206.03**	**-**
Charge for the year	-	267.77	0.93	3.57	3.24	275.51	-
Disposals	-	(22.98)	-	-	(0.07)	(23.04)	-
Closing accumulated depreciation as at March 31, 2016	**10.33**	**1,359.49**	**9.96**	**66.59**	**12.13**	**1,458.49**	**-**
Charge for the year	-	358.92	1.16	0.57	3.78	364.43	-
Disposals	-	(36.67)	-	-	-	(36.67)	-
Closing accumulated depreciation as at March 31, 2017	**10.33**	**1,681.74**	**11.12**	**67.16**	**15.91**	**1,786.25**	**-**
Net Block March 31, 2017	**0.00**	**1,060.58**	**2.84**	**0.70**	**12.98**	**1,077.10**	**-**
Net Block March 31, 2016	**0.00**	**959.58**	**3.29**	**0.80**	**16.76**	**980.43**	**21.89**
Net Block April 1, 2015	**0.00**	**926.38**	**2.12**	**3.29**	**13.32**	**945.12**	**-**

4 Intangible Assets

	Computer Software	Technical know-how	Total	Intangible assets under development
Deemed cost as on April 1, 2015	**116.67**	**72.57**	**189.23**	**14.53**
Additions	9.37	31.60	40.97	-
Disposals/Adjustments	-	(9.16)	(9.16)	-
Gross carrying amount as on March 31, 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	259.10	-
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 amortisation as at March 31, 2016	**71.92**	**47.00**	**118.92**	**-**
Amortisation charge for the year	24.44	11.18	35.62	-
Disposals	-	-	-	-
Closing accumulated amortisation as at March 31, 2017	**96.36**	**58.18**	**154.53**	**-**
Net Block March 31, 2017	**39.70**	**64.87**	**104.57**	**-**
Net Block March 31, 2016	**54.12**	**48.01**	**102.13**	**14.53**
Net Block April 1, 2015	**69.81**	**40.97**	**110.78**	**14.53**

Pursuant to an assessment of such intangible assets under development, the company has written off assets under development amounting to Rs 14.53 to the statement of Profit & loss during the year ended 31 March 2017.

The company has elected to continue with carrying value of Property, Plant and Equipment as recognised in the financial statement, as per previous GAAP and has regarded those values as the deemed cost on the date of transition.

Statement of changes in Equity for the year ended March 31, 2017
(All amounts are in Rupees in Lakhs, except per share data and unless stated otherwise)

5 Income Taxes

The major components of income tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss

Profit and Loss section	As at March 31, 2017	As at March 31, 2016
Current income tax charge		
Current income tax	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	(6.13)	19.13
Income tax expense reported in the statement of profit or loss	(6.13)	**19.13**

Deferred tax

Particulars	Balance Sheet			Statement of profit and loss	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	-	(7.09)	9.17	(6.13)	20.09
Non deduction of TDS	-	0.59	2.04	-	(0.59)
Provision for doubtful debts and liquidated damages	-	(1.95)	1.78	-	1.95
Provisions allowed on payment basis.	-	2.32	-	-	(2.32)
Deferred tax expense/ (income)				(6.13)	19.13
Net deferred tax assets/ (liabilities)	-	(6.13)	13.00	-	-
Out of which recognised in financials	6.13	(6.13)	13.00	(6.13)	19.13

Reflected in balance sheet as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets	6.13	0.95	3.82
Deferred tax liabilities	(6.13)	(7.09)	9.17
Deferred tax assets (net)	**-**	**(6.13)**	**13.00**

Reconciliation of deferred tax assets (net)

Particulars	March 31, 2017	March 31, 2016
Opening balance as at April 1	**(6.13)**	**13.00**
Tax expense/ (income) during the period recognised in profit or loss	6.13	0.59
Tax expense/ (income) during the period recognised in OCI	-	-
Closing balance as at March 31	**-**	**(6.13)**

Unrecognised Deferred Tax Assets

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deductible Temporary Differences	(19.84)	-	-
Tax Losses Carried Forward	838.73	613.75	97.66

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.

The Company has tax losses which arose in India of Rs. 838.73 (March 31, 2016: Rs. 613.75, April 1, 2015: Rs. 97.66) that are available for setoff against future taxable profits.

* Deferred tax assets have not been recognised in respect of these items because of uncertainty relating to availability of future profits against which they can be realized.

Statement of changes in Equity for the year ended March 31, 2017

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

6 Current trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortised cost			
Receivables from related parties (note 36b)	3.83	0.46	-
Others	62.50	38.90	26.53
Total receivables	**66.33**	**39.36**	**26.53**
Break-up of security details			
Unsecured, considered good	66.33	39.36	26.53
Doubtful	35.08	29.90	32.74
	101.41	**69.26**	**59.27**
Less: Provision for doubtful debts	(35.08)	(29.90)	(32.74)
Total	**66.33**	**39.36**	**26.53**

7 Current loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Security deposits	31.53	33.00	38.06
Total	**31.53**	**33.00**	**38.06**

8 Other financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Interest accrued on fixed deposits	0.07	13.32	0.62
Total	**0.07**	**13.32**	**0.62**

9 Income tax assets (net)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
TDS Recoverable	2.66	6.09	3.72
Total	**2.66**	**6.09**	**3.72**

10 Other non-current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	-	12.23	0.05
Sales Tax Recoverable	102.50	65.82	58.78
	102.50	**78.05**	**58.83**
Less : Classified as Current	(39.04)	(18.00)	(8.00)
Total	**63.46**	**60.05**	**50.83**

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, 2017	As at March 31, 2016	As at April 1, 2015
Valued at lower of cost and net realizable value			
Raw materials, components and bought-outs	57.47	49.39	61.57
Finished goods	109.84	78.73	67.52
Total	**167.31**	**128.12**	**129.09**

12 Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
- in current accounts	0.11	9.69	9.89
- in deposits with original maturity of less than three months	75.00	19.63	21.71
Cash on hand	0.30	0.16	0.11
Total	**75.41**	**29.48**	**31.71**

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, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with original maturity of more than 3 months but less than 12 months	38.00	345.00	0.00
Total	**38.00**	**345.00**	**0.00**

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

During the year, the company had specified bank notes or other denominations note as defined in the MCA notifications G.S.R 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denominations wise SBNs and other notes as per notifications is given below

	SBN's (a)	Other Denominations Notes (b)	Total (a+ b)
Closing cash in hand as on November 8, 2016	3.29	0.22	3.51
Add: Permitted receipts	-	5.35	5.35
Less: Permitted payments	-	-	-
Less: Amounts deposited in Banks	3.29	5.36	8.65
Closing cash in hand as on December 30, 2016	-	0.21	0.21

For the purpose of this clause, the term specified bank notes shall have same meaning as provided in the notification of the Government Of India, in the notification of ministry of Finance Department of Economic affairs number S.O. 3407 (E), dated 8th November, 2016.

Statement of changes in Equity for the year ended March 31, 2017

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

14 Other current assets

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Unsecured considered good			
Sales tax recoverable	39.04	41.25	33.18
Advance to supplier	8.83	12.37	56.48
Advances to employee	1.80	13.78	5.40
Prepaid Expenses	5.83	7.38	7.28
Others	0.20	1.06	0.02
Total	**55.70**	**75.84**	**102.36**

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 ay director is a partner or a member

15 Share capital

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Authorized shares			
3,80,00,000 (Previous year 5,00,00,000) equity shares of Rs. 10/- each.	3,800.00	5,000.00	5,000.00
	3,800.00	**5,000.00**	**5,000.00**
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	925.00
Total issued, subscribed and fully paid-up share capital	**1,346.64**	**1,346.64**	**925.00**

(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 April 1, 2015	92,50,000	925.00
Changes during the year	42,16,365	421.64
At March 31, 2016	134,66,365	1,346.64
Changes during the year	-	-
At March 31, 2017	**134,66,365**	**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 capital held by ultimate holding / holding company

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Holding company			
Thermax Limited			
73,61,389 (Previous year: 44,88,340) equity shares of Rs. 10/- each fully paid	736.14	448.83	-

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Name of the shareholder			
(i) Thermax Limited, India			
% Holding	54.67%	33.33%	-
No. of shares	73,61,389	44,88,340	-
(ii) Alchemists Ark Pvt Ltd., India			
% Holding	1.79%	9.76%	28%
No. of shares	2,40,582	13,13,666	26,30,558
(iii) Mahesh Yangnarman			
% Holding	9.14%	13.45%	24.30%
No. of shares	12,31,313	18,10,778	22,47,750
(iv) Mukund Deogaonkar			
% Holding	7.79%	11.45%	20.70%
No. of shares	10,48,896	15,42,515	19,14,750
(v) Naveen & Puja Kshatriya			
% Holding	11.47%	16.87%	10.00%
No. of shares	15,44,559	22,71,440	9,25,000
(vi) Raymond Moses			
% Holding	7.57%	7.57%	8.28%
No. of shares	10,19,813	10,19,813	7,65,971
(vii) Sreeram Thiagarajan			
% Holding	7.57%	7.57%	8.28%
No. of shares	10,19,813	10,19,813	7,65,971

As per records of the Company, which includes 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, 2017	As at March 31, 2016
	Reserves and surplus		
A	**Securities premium account**	1,171.48	1,171.48
B	**Retained earnings**		
	Opening balance	(1,421.13)	(841.76)
	Add: Loss for the year	(803.78)	(589.30)
	Add: Re-measurements of post-employment benefit obligations	8.78	9.93
	Net surplus/ deficit in the statement of profit and loss	**(2,216.13)**	**(1,421.13)**
C	**Total Reserves and Surplus (A+B)**	**(1,044.65)**	**(249.65)**
	Equity component of compound financial instrument	123.36	-
	Total	**(921.29)**	**(249.65)**

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 Act.

Statement of changes in Equity for the year ended March 31, 2017

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

17 Borrowings

(a) Non current borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Unsecured loan-Preference share	514.72	-	-
Total	**514.72**	-	-

During the year, the company has issued 60,00,000 Redeemable Preference Shares of Rs. 10/- each @ 8% dividend, 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 is recorded in other equity.

(b) Current Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured:			
From banks	4.11	25.23	-
From others	2.45	15.68	4.54
Total	**6.56**	**40.91**	**4.54**
Aggregate Secured loans	-	-	-
Aggregate Unsecured loans	**521.28**	**40.91**	**4.54**

Unsecured loan from Bank is repayable in 24 monthly equated installments of Rs.2.00 @ 18.25% ROI.

Unsecured loan from others is repayable in 24 monthly equated installments of Rs.1.25 @ 18.50% ROI.

18 Trade payables

Current trade payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
(i) Related Parties(note 36b)	15.08	15.18	0.05
(ii) Others	352.37	259.80	316.49
Total	**367.45**	**274.98**	**316.54**

19 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At amortized cost			
Interest accrued but not due on loans	0.10	0.62	-
Trade deposits	263.91	286.20	370.22
Employee related payables	39.23	43.80	47.44
Total	**303.24**	**330.62**	**417.66**

20 Current provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for gratuity (Refer note 35)	32.54	34.95	33.05
Total	**32.54**	**34.95**	**33.05**

21 Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payables for tangible and intangible assets	30.76	32.24	4.36
Statutory dues and other liabilities*	13.24	44.12	13.84
Total	**44.00**	**76.36**	**18.20**

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

22 Revenue from operations (net)

	As at March 31, 2017	As at March 31, 2016
Sale of products		
Sale of products	1,863.99	2,450.88
Other operating revenue		
Rental Income	50.74	76.63
Sale of scrap	0.96	2.62
Total	**51.70**	**79.25**
Revenue from operations (net)	**1,915.69**	**2,530.13**

23 Other income

	As at March 31, 2017	As at March 31, 2016
Interest Income on bank deposits	9.52	29.15
Miscellaneous income	10.25	17.58
Total	**19.77**	**46.73**

24 Cost of raw material and components consumed

	As at March 31, 2017	As at March 31, 2016
Inventories at the beginning of the year	49.39	61.57
Add: Purchases	996.81	1,183.75
	1,046.20	**1,245.32**
Inventories at the end of the year	57.47	49.39
Total	**988.73**	**1,195.93**

25 Change in Inventories

	As at March 31, 2017	As at March 31, 2016
Inventories at the beginning of the year		
Finished goods	78.73	67.52
Less: inventories at the end of the year		
Finished goods	109.84	78.73
	(31.11)	**(11.21)**

Statement of changes in Equity for the year ended March 31, 2017
(All amounts are in Rupees in Lakhs, except per share data and unless stated otherwise)

26 Employee benefits expense

	As at March 31, 2017	As at March 31, 2016
Salaries and wages	488.71	569.28
Contribution to provident and other funds	24.97	29.76
Gratuity expense (Refer note 35)	11.70	13.51
Staff welfare expenses	2.57	3.18
	527.95	**615.73**

27 Finance costs

	As at March 31, 2017	As at March 31, 2016
Interest expense	42.27	18.76
	42.27	**18.76**

28 Depreciation and amortization expense

	As at March 31, 2017	As at March 31, 2016
Depreciation of tangible assets	364.43	275.51
Amortization of intangible assets	35.62	34.61
	400.05	**310.12**

29 Other expenses

	As at March 31, 2017	As at March 31, 2016
Freight and forwarding charges (net)	362.93	404.79
Travelling and conveyance	120.07	124.99
Consumption of stores and spare parts	0.89	0.91
Rent (note 33(i))	49.13	68.52
Rates and taxes	46.42	96.40
Legal and professional fees	35.85	76.19
Communication expenses	37.10	40.52
Advertisement and sales promotion	34.03	30.41
Repairs and maintenance		
Boiler and Stove	20.07	9.10
Plant and machinery	6.57	13.59
Others	9.28	10.08
Bad debts written off	11.98	13.68
Provision for impairment allowance of financial asset(net)	5.18	(2.84)
Warehouse Expenses	21.11	40.88
Business promotion	15.17	20.49
Research and development expenses	8.14	18.72
Transportation	6.92	4.60
Power and fuel	3.22	5.74
Insurance	2.97	3.52
Loss on sale / discard of assets (net)	2.74	6.26
Printing and stationery	2.60	3.06
Office expenses	1.86	2.50
Miscellaneous expenses (includes bank charges, commission & brokerage, rent collection charges,etc.)	13.26	25.59
	817.48	1,017.70

30 Payment to auditors

	As at March 31, 2017	As at March 31, 2016
As auditor		
Audit and limited review fee	2.50	1.50
Total	2.50	1.50

31 Earnings per share

	As at March 31, 2017	As at March 31, 2016
Net profit/(loss) attributable to the Equity shareholders of the Company	(803.78)	(589.30)
Weighted average number of Equity shares of Rs.10/- each	134.66	128.00
Basic and diluted EPS	(5.97)	(4.52)

32 Contingent Liabilities & Commitments

Taxes

Disputed demands in respect of Sales tax Rs. 29.62 (March 31, 2016 Rs.29.62) for the financial year 2008-2009 under MVAT Act 2005(Including interest & penalty). The Company has filed an appeal with Deputy Commissioner of Sales Tax.

33 Lease Commitments

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.

Particulars	As at March 31, 2017	As at March 31, 2016
Lease payments for the year	49.13	68.52

34 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, 2015	**33.05**
Current service cost	10.99
Interest expense/(income)	2.51
Total amount recognised in Profit or Loss	**13.51**
Experience adjustments	(9.27)
Actuarial (gain)/loss from change in demographic assumptions	-
Actuarial (gain)/loss from change in financial assumptions	(0.66)
Return on plan assets expense/(income)	-
Total amount recognised in Other Comprehensive Income	**(9.93)**
Employer contributions	-
Benefits paid	(1.68)
March 31, 2016	**34.95**

Statement of changes in Equity for the year ended March 31, 2017

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

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)	-
Acquisition adjustments	-
Total amount recognised in Other Comprehensive Income	**(8.78)**
Employer contributions	-
Benefits paid	(5.33)
March 31, 2017	**32.54**

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligation	32.54	34.95	33.05
Fair value of plan assets	-	-	-
Deficit of funded plan	**32.54**	**34.95**	**33.05**

III. Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.40%	8.00%	7.80%
Salary growth rate	5%	5.00%	5.00%
Expected return on plan assets	-	-	-
Normal retirement age	60	60	60
Mortality table	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate
Employee turnover	5%	5%	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, 2017	March 31, 2016
Discount rate		
1.00% increase	Decrease by 2.89	Decrease by 3.04
1.00% decrease	Increase to 3.39	Increase by 3.54
Future salary increase		
1.00% increase	Increase by 3.00	Increase by 3.13
1.00% decrease	Decrease by 2.69	Decrease by 2.83
Attrition Rate		
1.00% increase	Increase by 0.66	Increase by 0.88
1.00% decrease	Decrease by 0.75	Decrease by 0.99

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, 2017	March 31, 2016
Within next 12 months	1.78	1.45
Between 2-5 years	13.43	13.67
Between 5-10 years	45.11	45.11

The average duration of the defined benefit plan obligation at the end of the reporting period is 15 years (March 31, 2016: 14.56 Years)

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 19.70 (March 31, 2016 Rs. 23.68)

35 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 Limited
		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.
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd

Statement of changes in Equity for the year ended March 31, 2017

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

B Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest			Type
			March 31, 2017	March 31, 2016	April 1, 2015	
1	Thermax Limited	India	54.67%	33.33%	-	Holding company
2	The Alchemists Ark Pvt Ltd.	India	1.79%	9.76%	28.44%	

C Enterprises with common Directors

1 Topwheelz Automotive Pvt Ltd

2 The Alchemist Ark Pvt Ltd

D Key Management Personnel:

1 Mr. Mahesh Yagnaraman - Managing Director and Chief Executive Officer
2 Mr. Mukund Deogaonkar - Director
3 Mr. Sreeram Thiagarajan - Director
4 Mr. Raymond Moses - Director
5 Mr. Naveen Kumar Kshatriya - Director
6 Mr. Sriram Vishwanathan - Director
7 Mr. Hemant Mohgaonkar - Nominee Director
8 Mr. Amitabha Mukhopadhyay - Nominee Director

Transactions with Related parties:

	Holding Company		Enterprises with common Directors - The Alchemists Ark Pvt Ltd		Enterprises with common Directors -Topwheelz Automotive Pvt Ltd		Key Management Personnel and Individuals mentioned in D		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
a. Transactions during the year										
Sales of products and services	4.19	0.46							**4.19**	-
Purchase of raw material and components and services/products	23.46	0.57	-	1.19	11.09				**34.55**	**1.19**
Reimbursement of expenses to related parties							9.18	5.44	**9.18**	**5.44**
Remuneration to key management personnel*							47.82	52.44	**47.82**	**52.44**
Refund received against rent deposit				10.50					**-**	**10.50**
Rent paid				19.46					**-**	**19.46**
Issuance of preference shares	600.00								**600.00**	**-**

* Does not include gratuity and leave encashment since the same is calculated for all employee of the company on a aggregate basis.

Transactions with Related parties:

	Holding Companies			Enterprises with common Directors - The Alchemists Ark Pvt Ltd			Enterprises with common Directors - Topwheelz Automotive Pvt Ltd			Total		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
b.Balances as at the year end												
Trade receivables	3.83	0.46	-	-	-	-	-	-	-	3.83	0.46	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables and other liabilities	14.55	14.55	-	-	0.63	0.05	0.53	-	-	15.08	15.18	0.05
Preference shares	600.00	-	-	-	-	-	-	-	-	600.00	-	-

Statement of changes in Equity for the year ended March 31, 2017

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

36 Fair value measurements

Break up of financial liabilities carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	521.28	40.91	4.54
Trade payable	367.45	274.98	316.54
Employee related payables	-	-	-
Other liabilities	303.24	330.62	417.66
Total	**1,191.97**	**646.51**	**738.74**
Current liabilities	44.00	76.36	18.20
Non current liabilities	-	-	-
Total	**44.00**	**76.36**	**18.20**

Break up of financial assets carried at amortised cost

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments	-	-	-
Trade receivables	66.33	39.36	26.53
Loans	31.53	33.00	38.06
Other financial assets	0.07	13.32	0.62
Cash and cash equivalents	75.41	29.48	31.71
Bank balances other than cash and cash equivalents	38.00	345.00	-
Total	**211.27**	**446.84**	**96.30**
Current assets	437.01	670.21	332.09
Non-current assets	1,256.84	1,190.74	1,134.26
Total	**1,693.85**	**1,860.95**	**1,466.35**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

37 Financial risk management

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, 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 financial liabilities	-	-	-	-	-
Other payables	303.24	-	-	-	-
Others (specify)	-	-	-	-	-

March 31, 2016	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	34.35	6.56	-	-
Trade Payables	-	274.98	-	-	-
Other financial liabilities	-	-	-	-	-
Other payables	330.62	-		-	-
Others (specify)	-	-	-	-	-

Statement of changes in Equity for the year ended March 31, 2017

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

April 1, 2015	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	4.54	-	-	-
Trade Payables	-	316.54	-	-	-
Other financial liabilities	-	-	-	-	-
Other payables	417.66	-	-	-	-
Others (specify)	-	-	-	-	-

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, 2017	March 31, 2016
Borrowings	521.28	40.91
Trade payables	367.45	274.98
Less: Cash and cash equivalents (including other bank balances)	113.41	374.48
Net debt	**775.31**	**(58.59)**
Equity	425.35	1,096.99
Net Debt to Equity	1.82	(0.05)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2016 and March 31, 2017.

39 First-time adoption

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at April 1, 2015, the Company’s date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

I Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions/ exceptions from the retrospective application of certain requirements under Ind AS as follows:

a) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

b) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible asses under development.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their previous GAAP carrying value.

II Exceptions applied

a) Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

i) Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015 the date of transition to Ind AS and as of March 31, 2016.

b) De-recognition of financial assets and liabilities

The Company has elected to to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Statement of changes in Equity for the year ended March 31, 2017

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

40. Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Description	Notes to first time adoption	March 31, 2016	April 1, 2015
	Total Equity as per previous GAAP		1,098.03	165.86
	Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i	Reclassification as equity	42	-	510.00
ii	Others		(1.04)	
iii	Impact on Deferred taxes of above adjustments		-	-
	Total Ind-AS adjustments		**(1.04)**	**510.00**
	Total Equity as per Ind-AS		**1,096.99**	**675.86**

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Description	Notes to first time adoption	Year ended March 31, 2016
	Net profit after tax under previous GAAP (after share of loss of associate and minority interest)		(578.32)
	Ind AS adjustments [Increase in profits / (decrease in profits)]		
i	Actuarial gain transferred to OCI		(9.93)
ii	Others		(1.05)
iii	Tax impact of above adjustments		-
	Total of adjustments		**(10.98)**
	Net Profit after tax as per Ind-AS		**(589.30)**
	Other Comprehensive Income (net of taxes)		**9.93**
	Total Comprehensive Income as per Ind-AS		**(579.37)**

Under Ind AS, reameasurements i.e. actuarial gains and losses excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of in statement of profit and loss as a result of this change the loss for the year ended March 31st, 2016 has reduced by 9.93.

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities		(437.28)	(99.44)	(337.84)
Net cash flows from investing activities		(574.18)	107.81	(681.99)
Net cash flows from financing activities		1,017.61	(0.01)	1,017.62
Net increase/(decrease) in cash and cash equivalents		**6.15**	**8.39**	**(2.23)**
Cash and cash equivalents as at April 1, 2015		37.11	5.40	31.71
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents as at March 31, 2016		**43.27**	**13.79**	**29.48**

41 DISCLOSURE REQUIRED UNDER MSMED ACT

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. There are no small-scale industrial undertakings to which the Company owes any sum, which is outstanding for more than 30 days as at the Balance Sheet date.

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force on October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. As per information provided no dues are payable or outstanding on the balance sheet date and thus provision for interest thereof is not considered while preparation of financial statements.

42 During the year 2015-16, 210,000 Optionally Redeemable /Fully Convertible Debenture (OR/FCD) had matured on 30th April 2015. The investor opted for not redeeming the OR/FCD and the Company in the extraordinary general meeting held on 27th April 2015 had agreed to extend the maturity of investments to 30th April 2020 and redesignate the same as compulsorily convertible debentures (CCD). As the decision for conversion of OR/FCD into CCD was undertaken prior to the year end(though given effect to after the year end), the same have been considered as equity for the purpose of Ind AS financial Statements as at 1st April,2015.

As per the provision of the companies act 2013, acceptance of debentures is exempt from the definition of deposit as defined in section 2 (31) if they are compulsorily convertible within five years. The management has sought a legal opinion from company secretary who had opined that the Debentures can be extended up to 5 years so that they can be covered under the definition of exempt category deposit. Also the clause 4.1 debenture subscription agreement supports the extension of the debentures to such date as both parties may deem fit.

Further on:

(I) 15th July 2015, Out of 5,10,000 CCDs held by Mr. Naveen Kumar Kshatriya (jointly with Puja Kshatriya) 1,47,553 CCDs were transferred to Thermax Limited leaving balance 3,62,447 CCDs with the transferors as approved by the Board of Directors of the company in its meeting dated 15th July 2015.

(ii) 17th July 2015, all 5,10,000 CCDs (362447 and 147553 CCDs respectively held by Mr. Naveen Kumar Kshatriya jointly with Puja Kshatriya & by Thermax Limited) were converted to equity shares of Rs.10 each at a premium of Rs.16.918923 per share vide approval by the Board of Directors of the company in its meeting dated 17th July 2015 to 5,48,138 and 13,46,440 shares respectively

43 The Equity share capital of the Company is Rs. 1346.64 Lakhs and share premium is Rs.1171.48 Lacs.

The Company has incurred a loss of Rs.803.78 Lakhs during the year ended March 31, 2017. 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.

Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in Indian Rupees Lakhs, unless otherwise stated)

1.1 Corporate Information

First Energy Private Limited ('the Company') is a private company incorporated and domiciled in India. The address of its registered office is Office No. 4, 4th floor, Krishna chambers, Pashan, Pune.

First Energy Private Limited is an alternative energy company that applies biomass and gasification technology to heating appliances, specifically commercial cooking.

2.1 Summary of significant accounting policies

i) Basis of preparation, measurement and transition to Ind AS

- **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).

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided.

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.

- **Basis of measurement**

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

a) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
b) 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 lakhs except when otherwise indicated.

- **Basis of transition to Ind AS**

The adoption of Ind AS is carried out in accordance with Ind AS 101, with April 1, 2015, being the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended March 31, 2017, be applied retrospectively and consistently for all comparative years presented therein. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognized directly in equity.

ii) Summary of significant accounting judgements, estimates and assumptions

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

Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in Indian Rupees Lakhs, unless otherwise stated)

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.

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 which is required to be replaced at intervals 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	Useful life as prescribed under Schedule II (years)	Useful life estimated by management (years)
Computer Hardware	3	2
Furniture and Fixtures	10	10
Plant and Machinery- Others	15	1 – 6
Plant and Machinery – Moulds	15	12

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.

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

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

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

Sr No	Asset Category	Amortization Period (in years)
1	Patents	10
2	License for IPR of Technology	10
3	Product Development	4
4	Computer Software's	4

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 of finished goods includes excise duty. 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.

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.

Revenue from supply of spare parts is recognized when significant risks and rewards have passed to the buyer which is generally on billing basis.

Rental Income
Rental income from operating leases is recognized on straight line basis over the lease term.

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.

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)

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 hastransferred 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 IndAS 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:
- 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

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.

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 and contract assets :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.

Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in Indian Rupees Lakhs, unless otherwise stated)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, 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.

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.

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 arerecognized 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 theStatement 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.

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 or stock options 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:

a. 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
b. 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 year swhen 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 entityand the same taxation authority.

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.

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.

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.

p) 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. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, 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. Re-measurements 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:

a. The date of the plan amendment or curtailment, and

Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in Indian Rupees Lakhs, unless otherwise stated)

b. The date that the Company recognizes related restructuring costs

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

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

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 or loss 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.

2.2 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.

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. Operating lease commitments – Company as lessor

The Company has entered into leases of certain plant and machineries. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accordingly accounts for the contracts as operating leases.

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 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 35

iv. 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.

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For the convenience of the readers of this compilation, in 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, 2017.

THERMAX EUROPE LIMITED

Board of Directors	***Registered Office***	***Auditors***
A M Vaishnav A R Shah	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***
Natwest Bank	03183441 (England and Wales)	Nicholas John Paling FCCA

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for the year ended 31 March 2017.

REVIEW OF BUSINESS

The performance for the financial year 16-17 has been strong with a number of successful projects executed.

The year closed with a turnover of £ 8.25 Million (previous year £6.15 Million). The pre tax profit stands at £ 830,468 (previous year £ 607,738). The order booking for the year stands at £ 6.63 Million.

The Chiller business continues to be driven by the on site power generation market in Italy, Germany and UK. The Heat Pump business 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 2017-18 looks challenging due to procurement cycle in Denmark and lack of funding to industries/ hospitals in Italy.

ON BEHALF OF THE BOARD:

A R Shah - Director

25 April 2017

Report of the Directors for the year ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2017.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2016 to the date of this report.

The directors shown below were in office at 31 March 2017 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2016 or 31 March 2017.

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
25 April 2017

Statement of Directors' Responsibilities for the year ended 31 March 2017

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

We have audited the financial statements of Thermax Europe Limited for the year ended 31 March 2017 on pages seven to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.

Nicholas John 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

25 April 2017

THERMAX EUROPE LIMITED

Income Statement for the year ended 31 March 2017

	NOTE	2017		2016	
		£	Rs Lacs	£	Rs Lacs
Revenue	3	**8,254,993**	**6,715.28**	6,151,039	5,850.98
Cost of sales		**6,975,249**	**5,674.23**	5,079,220	4,831.44
Gross profit		**1,279,744**	**1,041.05**	1,071,819	1,019.53
Administrative expenses		**455,706**	**370.71**	471,571	448.57
Operating profit	5	**824,038**	**670.34**	600,248	570.97
Interest receivable and similar income		**6,465**	**5.26**	7,593	7.22
		830,503	**675.60**	607,841	578.19
Interest payable and similar expenses	6	**35**	**0.03**	103	0.10
Profit before taxation		**830,468**	**675.57**	607,738	578.09
Tax on Profit	7	**159,417**	**129.68**	130,370	124.01
Profit for the financial year		**671,051**	**545.89**	477,368	454.08

The notes form part of these financial statements

Other Comprehensive Income for the year ended 31 March 2017

	NOTE	2017		2016	
		£	Rs Lacs	£	Rs Lacs
Profit for the Year		**671,051**	**545.89**	477,368	454.08
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income For The Year		**671,051**	**545.89**	477,368	454.08

Exchange rate : as at 31 March 2017 is £= Rs 81.35

Exchange rate : as at 31 March 2016 is £= Rs 95.12

Balance Sheet as at 31 March 2017

	NOTE	2017		2016	
		£	Rs Lacs	£	Rs Lacs
Fixed assets		**671,051**	**545.89**	477,368	454.08
Property, Plant and Equipment	8	**1,583**	**1.29**	3,342	3.18
Current assets		**671,051**	**545.89**	477,368	454.08
Inventories	9	**1,951,847**	**1,587.79**	1,444,828	1,374.35
Debtors	10	**1,826,327**	**1,485.68**	1,780,352	1,693.50
Cash at bank and in hand		**2,611,050**	**2,124.04**	1,843,681	1,753.74
		6,389,224	**5,197.51**	5,068,861	4,821.59
Creditors:					
Amounts falling due within one year	11	**(1,440,699)**	**(1,171.98)**	(793,146)	(754.45)
Net current assets		**4,948,525**	**6,369.49**	4,275,715	4,067.13
Total assets less current liabilities		**4,950,108**	**6,370.78**	4,279,057	4,070.31
Capital and reserves					
Called up share capital	12	**200,000**	**162.70**	200,000	190.24
Retained Earnings	13	**4,750,108**	**3,864.12**	4,079,057	3,880.07
Shareholders' funds		**4,950,108**	**4,026.82**	4,279,057	4,070.31

The financial statements were approved by the Board of Directors on 25 April 2017 and were signed on its behalf by:

A R Shah
Director

Statement of Changes in Equity For the year ended 31 March 2017

	Called Up Share Capital		Retained Earnings		Total Equity	
	£	Rs Lacs	£	Rs Lacs	£	Rs Lacs
Balance at 1 April 2015	200,000	162.70	3,601,689	2,929.90	3,801,689	3,092.60
Change in Equity:						
Total comphrensive income	-	-	477,368	388.33	477,368	388.33
Balance at 31 March 2016	200,000	162.70	4,079,057	3,318.23	4,279,057	3,480.93
Changes in Equity:						
Total comphrensive income	-	-	671,051	545.89	671,051	545.89
Balance at 31 March 2017	200,000	162.70	4,750,108	3,864.12	4,950,108	4,026.82

Cash Flow Statement for the year ended 31 March 2017

	NOTE	2017		2016	
		£	Rs Lacs	£	Rs Lacs
Cash flow from operating activities		**8,254,993**	**6,715.28**	6,151,039	5,850.98
Cash generated from operations	1	**918,039**	**746.81**	390,102	371.07
Interest Paid		**(35)**	**(0.03)**	(103)	(0.10)
Tax Paid		**(155,334)**	**(126.36)**	(83,683)	(79.60)
Net cash from operating activities		**762,670**	**620.42**	306,316	291.37
Cash flow from investing activities		**6,465**	**5.26**	7,593	7.22
Purchase of tangible fixed asset		**(1,766)**	**(1.44)**	(1,930)	(1.84)
Interest received		**6,465**	**5.26**	7,593	7.22
Net cash from investing activities		**4,699**	**3.82**	5,663	5.39
Increase in cash and cash equivalents		**767,369**	**624.24**	311,979	296.76
Cash and cash equivalents at the beginning of the year	2	**1,843,681**	**1,499.80**	1,531,702	1,456.98
Cash and cash equivalents at the end of the year	2	**2,611,050**	**2,124.04**	1,843,681	1,753.74

Notes to the Cash Flow Statement for the year ended 31 March 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	**830,468**	607,738
Depreciation charges	**3,523**	3,106
Miscellaneous	**2**	(1)
Finance costs	**35**	103
Finance income	**(6,465)**	(7,593)
	827,563	603,353
Increase in inventories	**(507,019)**	(149,987)
(Increase)/decrease in trade and other debtors	**(45,975)**	1,957,754
Increase/(decrease) in trade and other creditors	**643,470**	(2,021,018)
Cash generated from operations	**918,039**	390,102

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 2017	**31.3.17**	**1.4.16**
	£	£
Cash and cash equivalents	**2,611,050**	1,843,681
Year ended 31 March 2016	**31.3.16**	**1.4.15**
	£	£
Cash and cash equivalents	**1,843,681**	1,531,702

Notes to the Financial Statements for the year ended 31 March 2017

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% 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:

	2017	2016
	£	£
United Kingdom	**267,078**	782,133
Rest of World	**7,987,915**	5,368,906
	8,254,993	6,151,039

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	**284,145**	249,910
Social security costs	**32,493**	29,072
Other pension costs	**8,480**	-
	325,118	278,982

The average monthly number of employees during the year was as follows:

	2017	2016
Director	**2**	2
Administration	**8**	9
	10	11
Directors' remuneration	**-**	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Other operating leases	**10,517**	7,200
Depreciation - owned assets	**3,525**	3,105
Auditors' remuneration	**4,000**	3,850
Foreign exchange differences	**(314,404)**	(202,598)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Other interest	**35**	103

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	**168,059**	130,370
Prior year tax	**(8,642)**	-
Tax on profit	**159,417**	130,370

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	**830,468**	607,738
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	166,094	121,548
Effects of:		
Expenses not deductible for tax purposes	220	11
Depreciation in excess of capital allowances	297	169
Bad Debts Provision	1,448	8,642
Prior year tax	(8,642)	-
Total tax charge	159,417	130,370

8. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Fixtures and fittings	Computer Equipments	Totals
	£	£	£	£
COST				
At 1 April 2016	3,176	5,720	16,191	25,087
Additions	170	781	815	1,766
At 31 March 2017	3,346	6,501	17,006	26,853
DEPRECIATION				
At 1 April 2016	3,094	5,044	13,607	21,745
Charge for year	66	833	2,626	3,525
At 31 March 2017	3,160	5,877	16,233	25,270
	Plant and machinery	**Fixtures and fittings**	**Computer Equipments**	**Totals**
NET BOOK VALUE				
At 31 March 2017	186	624	773	1,583
At 31 March 2016	82	676	2,584	3,342

9. INVENTORIES

	2017	2016
	£	£
Stocks	**1,951,847**	1,444,828

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	**1,251,269**	1,558,867
Amounts owed by group undertakings	**560,331**	196,267
Interest Accrued	**900**	2,625
Recharges	**-**	8,568
VAT	**2,235**	3,588
Prepayments	**11,592**	10,437
	1,826,327	1,780,352

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	**131,455**	41,682
Amounts owed to group undertakings	**580,342**	387,448
Tax	**84,453**	80,370
Social security and other taxes	**11,454**	8,924
Customer Advance Payments	**255,173**	93,811
Accrued expenses	**377,822**	180,911
	1,440,699	793,146

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal value	2017 £	2016 £
200,000	Ordinary	£1	200,000	200,000

13. RESERVES

	Retained earnings
	£
At 1 April 2016	4,079,057
Profit for the year	671,051
At 31 March 2017	**4,750,108**

14. 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 £330,154 (2016:£278,620) from Thermax Limited..

During the year Thermax Europe Limited made sales amounting to £2,389,867 (2016: 773,410) to Danstoker A/S and Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) £27,696 (2016: £7,239).D

Purchases were made in the year from Thermax Limited of £5,628,719 (2016: £3,564,056), Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) of £835,689 (2016: £1,066,901), Danstoker A/S £32,996 (2016: £33,931) and Rifox-Hans Richter Gmbh £128,703 (2016: £104,367).

Notes to the Financial Statements for the year ended 31 March 2017

At 31/03/2017 Thermax Europe Limited was owed £183,368 (2016: £90,042) from Thermax Limited, £Nil (2016: £6,641) from Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £434,996 (2016: £198,150) from Danstoker A/S.
Thermax Europe Limited also owed £571,402 (2016:£477,490) to Thermax Limited, £192,308 (2016:£Nil) to Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £2,869 (2016:£85,421Nil) 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.

15. 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.

16. 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.

17. 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

Auditors

Yousouf Peerbaye, F.C.A
Chartered Accountants
6th Floor, Richard House
Remy Ollier Street, Port Louis
Republic of Mauritius

Administrator & Secretary

Anex Management Services Ltd

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 2017.

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 2017.

for **Anex Management Services Ltd**
Corporate secretary
Date : 23 may 2017

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 2017, 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 2017, 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 : 23 May 2017

THERMAX INTERNATIONAL LIMITED

Statement of Financial Position As at 31 march 2017

PARTICULARS	Notes	2017		2016	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Investments	6	**696,023**	**451.34**	696,023	461.12
Current assets					
Prepayments		**1,459**	**0.95**	1,258	0.83
Cash at bank and in hand	7	**615,876**	**399.36**	42,891	28.42
		617,335	**400.31**	44,149	29.25
Total assets		**1,313,358**	**851.65**	740,172	490.36
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	8	**3,442,300**	**2,232.16**	3,442,300	2,280.52
Accumulated losses		**(2,146,986)**	**(1,392.21)**	(2,710,828)	(1,795.92)
		1,295,314	**839.95**	731,472	484.60
Current liabilities					
Accounts payable	9	**3,700**	**2.40**	8,700	5.76
Tax Liability	5	**14,344**	**9.30**	-	-
		18,044	**11.70**	8,700	5.76
Total equity and liabilities		**1,313,358**	**851.65**	740,172	490.36

Approved by the Board of Directors on 23 May 2017 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 from 31 march 2017

PARTICULARS	Notes	2017		2016	
		USD	Rs Lacs	USD	Rs Lacs
INCOME					
Dividend		**595,053**	**385.86**	-	-
		595,053	**385.86**	-	-
EXPENSES					
Management Fees		**5,562**	**3.61**	2,200	1.46
Licence Fees		**1,750**	**1.13**	1,750	1.16
Bank charges		**1,895**	**1.23**	1,760	1.17
ROC Fees		**360**	**0.23**	360	0.24
Audit Fees		**1,200**	**0.78**	1,200	0.80
Accountancy Fees		**1,500**	**0.97**	1,500	0.99
Professional Fees		**2,950**	**1.91**	14,250	9.44
Taxation Fees		**1,000**	**0.65**	1,000	0.66
TRC Renewal		**550**	**0.36**	550	0.36
Disbursements Fees		**100**	**0.06**	4,497	2.98
		16,867	**10.94**	29,067	19.26
Other Expenses					
Investment written off		-	-	1	0.00
Profit / (Loss) for the year before taxation		**578,186**	**374.92**	(29,068)	(19.26)
Taxation	5	14,344	-	-	-
Profit / (Loss) for the year		**563,842**	**365.62**	**(29,068)**	**(19.26)**

Exchange Rate : as at 31 March 2017 is 1 US $ = Rs 66.85
Exchange Rate : as at 31 March 2016 is 1 US $ = Rs 66.25

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 2017

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2015	3,442,300	2,232.16	(2,681,760)	(1,738.99)	760,540	493.17
Loss for the year	-	-	(29,068)	(18.85)	(29,068)	(18.85)
Balances as at 31st March 2016	3,442,300	2,232.16	(2,710,828)	(1,757.84)	731,472	474.32
Balances at 1st April 2016	3,442,300	2,232.16	(2,710,828)	(1,757.84)	731,472	474.32
Profit for the year	-	-	563,842	365.62	563,842	365.62
Balances as at 31st March 2017	3,442,300	2,232.16	(2,146,986)	(1,392.21)	1,295,314	839.95

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 Cash Flows for the year ended 31 march 2017

PARTICULARS	2017		2016	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
Profit/(Loss) for the year	**563,842**	**365.62**	(29,069)	(19.26)
Adjustment for:				
Dividend	**(595,053)**	**(385.86)**	-	-
Decrease in trade and other receivables	**(200)**	**(0.13)**	-	-
Increase in trade and other payables	**9,343**	**6.06**	5,395	3.57
Net cash used from operating activities	**(22,068)**	**(14.31)**	(23,674)	(15.68)
Cash flow from investing activities				
Dividend received	**595,053**	**385.86**	40,000	26.50
Investment in subsidiary	-	-	(772)	(0.51)
Net cash outflow from investing activities	**595,053**	**385.86**	39,228	25.99
Net Increase in cash and cash equivalents	**572,985**	**371.55**	15,554	10.30
Cash and cash equivalents at start of year	**42,891**	**27.81**	27,337	18.11
Cash and cash equivalents at end of year	**615,876**	**399.36**	42,891	28.42
Cash and cash equivalents made up of:				
Bank balance	**615,876**	**399.36**	42,891	28.42

The notes on page 10 to 22 form an integral part of these financial statements.
Independent Auditors' report on pages 4 and 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 31 MARCH 2017

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 that are effective for the year beginning on 01 April 2016

In the current year, the following new and revised standards issued by the International Accounting Standards Board ("IASB") became mandatory for the first time adoption for the financial year beginning on 01 April 2016:

IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

IAS 16 and IAS 41, Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

IAS 27, Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IFRS 11, Accounting of Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

IFRS 14, Regulatory Deferral Accounts

This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

IAS 1, Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)

The amendments represent the first authoritative output from the IASB's Disclosure Initiative project. The disclosure initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing standards can be improved.

Various, Annual Improvements to IFRS 2012-2014 Cycle

These improvements include amendments to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, IFRS 7: Financial Instruments: Disclosures, IAS 19: Employee Benefits and IAS 34: Interim Financial Reporting.

The directors have assessed the impact of the new and revised standards and concluded that none of these standards have a significant impact on the disclosures of these consolidated financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards and one interpretation have been published by the IASB but not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements as applicable to the Group's activity will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new standards, amendments to existing standards and on the interpretation is provided below.

IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The focus of the amendments to IAS 12 is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

IAS 7, Disclosure Initiative (Amendments to IAS 7)

The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes).

IFRS 15, Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations.

IFRS 9 Financial instruments (2014)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss.

IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4.

IFRS 2, Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS2)
The amendments bring clarification on the following matters:

- the accounting for cash-settled share-based payment transactions that include a performance condition;

- the classification of share-based payment transactions with net settlement features; and

- the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IAS 40, Transfer of Investment Property (Amendments to IAS 40)

Under these amendments an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRS 16, Leases

The new standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The directors anticipate that the application of these Standards and Interpretations on the above effective dates in future periods will have no material impact on the financial statements of the Company.

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 recognised 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 2017	31 March 2016
	USD	USD
Profit/(loss) before tax	**578,186**	(29,069)
	578,186	(29,069)
Loss Brought Forward	**(29,068)**	-
Taxable Profit	**549,118**	-
Tax at 15%	**82,368**	-
Foreign Tax Credit	**(68,024)**	-
Tax expenses	**14,344**	-

6. INVESTMENT IN SUBSIDIARIES

	31 March 2017	31 March 2016
	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 2017.

7. CASH AND CASH EQUIVALENT

	31 March 2017	31 March 2016
	USD	USD
Cash in hand	**66**	66
Bank	**615,810**	42,825
	615,876	42,891

8. STATED CAPITAL

	31 March 2017	31 March 2016
	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 2017	31 March 2016
	USD	USD
Accruals	**3,700**	8.700

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 2017	Financial liabilities 2017	Financial assets 2016	Financial liabilities 2016
	USD	**USD**	**USD**	**USD**
Senegal XOF	**195,250**	**-**	195,250	-
Indonesian Rupiah	**773**	**-**	773	-
United States Dollars	**1,115,877**	**3,700**	542,891	8,700
	1,311,900	**3,700**	738,914	8,700

(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.

10. FINANCIAL INSTRUMENTS (contd.)

The table below illustrates the aged analysis of the Company's financial liabilities.

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**

Liabilities	**31 March 2016**		
Accruals	**Less than 1 year**	**Over 1 year**	**Total**
	USD	**USD**	**USD**
Accruals	8,700	-	8,700
Total Accruals	**8,700**	**-**	**8,700**

(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 2017 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 2017, hence does not have any capital risk.

11. RELATED PARTY TRANSACTIONS

For the year ended 31 March 2017, 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 2017**	**Balances at 31 March 2016**
		USD	**USD**	**USD**
Subsidiary	Dividend received	595,053	-	-

12. ULTIMATE HOLDING COMPANY

Holding company: Thermax Limited (India).

Ultimate holding company: RDA Holdings Private Limited.

13. EVENT AFTER REPORTING DATE

There have been no material event after reporting date, which would require disclosure or adjustment to the year ended 31 March 2017 financial statement.

THERMAX INC.

Board of Directors	Registered Office	Auditors
Ashish Vaishnav	16200, Park Row, Suite 190	Plante & Moran, PLLC
S. Krishnan (resigned on 3 April 2017)	Houston, Texas 77084	27400 Northwestern Highway
Abhay Shah		PO Box 307 Southfiled MI 48037 - 0307
Amitabha Mukhodhayay		

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, 2017 and 2016, 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 opinions.

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, 2017 and 2016, 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 25, 2017

Plante & Moran, PLLC

Balance Sheets March 31, 2017 and 2016

ASSETS	2017		2016	
	USD	**Rs Lacs**	USD	Rs Lacs
CURRENT ASSETS				
Cash And Cash Equivalents	**1,582,162**	**1,025.95**	1,222,946	810.20
Accounts Receivable (Note 5)	**2,279,828**	**1,478.35**	2,468,860	1,635.62
Inventory (Note 3)	**2,349,505**	**1,523.54**	4,258,537	2,821.28
Other Current Assets:				
Refundable Taxes	**66,504**	**43.12**	192,330	127.42
Deferred Tax Assets (Note 9)	**181,000**	**117.37**	183,000	121.24
Other Current Assets	**49,161**	**31.88**	74,815	49.56
Total Current Assets	**6,508,160**	**4,220.22**	8,400,488	5,565.32
Property And Equipment, Net (Note 4)	**22,593**	**14.65**	24,509	16.24
Total Assets	**6,530,753**	**4,234.87**	8,424,997	5,581.56

LIABILITIES AND STOCKHOLDER'S EQUITY	2017		2016	
	USD	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**163,650**	**106.12**	180,195	119.38
Trade payables to related parties (Note 5)	**1,019,535**	**661.12**	3,136,613	2,078.01
Accrued and other current liabilities:				
Provision for warranty and start-up costs (Note 7)	**196,500**	**127.42**	169,279	112.15
Customer Deposits and advances	**112,846**	**73.17**	600,692	397.96
Other Current Liabilities	**309,899**	**200.95**	262,388	173.83
Total Current Liabilities	**1,802,430**	**1,168.79**	4,349,167	2,881.32
Deferred Tax Liabilities (Note 9)	**7,000**	**4.54**	9,000	5.96
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**500,000**	**324.23**	500,000	331.25
Retained Earnings	**4,221,323**	**2,737.32**	3,566,830	2,363.02
Total Stockholder's Equity	**4,721,323**	**3,061.54**	4,066,830	2,694.27
Total Liabilities And Stockholder's Equity	**6,530,753**	**4,234.87**	8,424,997	5,581.56

Statement of Operations for the years ended March 31, 2017 and 2016

	2017		2016	
	USD	**Rs Lacs**	USD	Rs Lacs
Revenue				
Operating Revenues	**15,289,875**	**9,914.72**	13,151,182	8,712.66
Other Revenues	**211,836**	**137.37**	90,972	60.27
Total Revenue	**15,501,711**	**10,052.08**	13,242,154	8,772.93
Costs of Revenue -Production	**12,101,817**	**7,847.42**	10,135,840	6,714.99
Gross Profit	**3,399,894**	**2,204.66**	3,106,314	2,057.93
Selling General and Administrative Expenses	**2,563,301**	**1,662.17**	2,210,849	1,464.69
Operating Income	**836,593**	**542.49**	895,465	593.25
Nonoperating Income - Reimbursement income	**184,525**	**119.66**	-	-
Income - Before income taxes	**1,021,118**	**662.14**	895,465	593.25
Income Tax Expense (Note 9)	**366,625**	**237.74**	319,248	211.50
Net Income	**654,493**	**424.41**	576,217	381.74

Exchange Rate : as at 31 March 2017 is 1 US \$ = Rs 64.85
Exchange Rate : as at 31 March 2016 is 1 US \$ = Rs 66.25

Statement of Cash Flows for the years ended March 31, 2017 and 2016

Particulars	**2017**		2016	
	USD	**Rs Lacs**	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**654,493**	**424.41**	576,217	381.74
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**7,946**	**5.15**	9,050	6.00
Loss (Gain) on disposal of assets	**2,690**	**1.74**	(900)	(0.60)
Bad debt expense	**19,153**	**12.42**	-	-
Deferred Taxes	**-**	**-**	(71,000)	(47.04)
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	**169,879**	**110.16**	519,096	343.90
Inventory	**1,909,032**	**1,237.91**	(1,276,957)	(845.98)
Other Assets	**151,480**	**98.23**	(193,673)	(128.31)
Accounts payable	**(16,545)**	**(10.73)**	(227,779)	(150.90)
Accounts payable- Related Parties	**(2,117,078)**	**(1,372.82)**	313,107	207.43
Advances and accrued liabilities	**(487,846)**	**(316.34)**	371,393	246.05
Provision for warranty and start-up costs	**27,221**	**17.65**	4,000	2.65
Other liabilities	**47,511**	**30.81**	(169,504)	(112.30)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**367,936**	**238.59**	(146,950)	(97.35)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(8,720)**	**(5.65)**	(15,309)	(10.14)
Proceeds from disposition of property and equipment	**-**	**-**	900	0.60
NET CASH USED IN INVESTING ACTIVITIES	**(8,720)**	**(5.65)**	(14,409)	(9.55)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**359,216**	**232.93**	(161,359)	(106.90)
Cash & cash Equivalents - Beginning of year	**1,222,946**	**793.02**	1,384,305	917.10
Cash & cash Equivalents - End of year	**1,582,162**	**1,025.95**	1,222,946	810.20
Supplemental Cash Flow Information - Cash paid for Income Taxes	**248,901**	**161.40**	593,260	393.03

See notes to financial statements

Statement of Stockholder's Equity Year ended March 31, 2017 and 2016

Particulars	**Common Stock**		**Retained Earnings**		**Total**	
	USD	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Balance - April 1, 2015	500,000	324.23	2,990,613	1,939.26	3,490,613	2,263.49
Net Income	-	-	576,217	373.65	576,217	373.65
Balance - March 31, 2016	500,000	324.23	3,566,830	2,312.91	4,066,830	2,637.14
Net Income	-	-	654,493	424.41	654,493	424.41
Balance - March 31, 2017	500,000	324.23	4,221,323	2,737.32	4,721,323	3,061.54

Notes to Financial Statements
March 31, 2017 and 2016

Note 1 - Nature of Business

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 $112,846 and $600,692 as of March 31, 2017 and 2016, respectively.

Credit Risk and Major Customers

The Company's energy business segment includes sales to a single customer of $3,528,516 and $2,291,214 during the years ended March 31, 2017 and 2016, respectively. Accounts receivable from this customer totaled $398,270 and $540,490 at March 31, 2017 and 2016, respectively.

The Company's environment business segment includes sales to a single customer of $3,273,776 and $3,266,166 for the years ended March 31, 2017 and 2016, respectively. Accounts receivable from this customer totaled $351,120 and $661,616 at March 31, 2017 and 2016, respectively.

Advertising Expenses

Advertising expenses are charged to income during the year in which they are incurred. Advertising and promotion expenses for the years ended March 31, 2017 and 2016 were $24,487 and $29,126, 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 $19,153 and $0 at March 31, 2017 and 2016, 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

Inventories consist of product purchased primarily from Thermax Ltd. and are stated at the lower of cost or market, with cost 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.

Shipping and Handling Costs

Shipping and handling costs are recorded as costs of sales as they are incurred.

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 25, 2017, 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. The Company has begun analyzing revenue streams that may be impacted.

Provisions of the pronouncement that may impact the Company include chiller installation and startup costs. In addition, the Company is currently analyzing the disclosures that will be required with this pronouncement. The Company has not yet determined which application method it will use or quantified the effect of the new standard on less significant revenue streams, if any.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330) Related to Simplifying the Measurement of Inventory, which applies to all inventory except inventory that is measured using last in, first out (LIFO) or the retail inventory method. Inventory measured using first in, first out (FIFO) or average cost is covered by the new guidance and should be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments will be applied prospectively for fiscal years beginning after December 15, 2016. The Company is currently assessing the impact this new standard will have on its financial statements.

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

Inventory, net of reserves, at March 31, 2017 and 2016 consists of the following:

	2017	2016
Traded goods Ion exchange resins and spare parts	$ **1,192,900**	$ 1,482,283
Goods in transit Ion exchange resins	**448,276**	403,567
Goods in transit Chillers (including chiller received at U.S. port at March 31, 2016)	**708,329**	2,372,687
Total inventory	$ **2,349,505**	$ 4,258,537

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. At March 31, 2017 and 2016, net inventory valued at $1,192,900 and $1,482,283, respectively, was located at outside warehouses.
At March 31 2017 and 2016, the Company maintained a reserve for inventory obsolescence of $61,123 and $66,708, respectively.

Note 4 - Property and Equipment

Property and equipment at March 31, 2017 and 2016 are summarized as follows:

	2017	2016
Office equipment	**$ 43,483**	$ 39,540
Furniture and fixtures	**13,641**	13,641
Leasehold improvements	**5,794**	5,794
Total cost	**62,918**	58,975
Accumulated depreciation	**40,325**	34,466
Net property and equipment	**$ 22,593**	$ 24,509

Depreciation expense was $7,946 and $9,050 for the years ended March 31, 2017 and 2016, respectively.

Note 5 - Related Party Transactions

The following is a description of transactions between the Company and related parties:
Accounts Receivable
At March 31, 2017 and 2016, the Company had net accounts receivable from related parties totaling $569,688 and $831,105, respectively.
Accounts Payable
At March 31, 2017 and 2016, the Company had net accounts payable to related parties totaling $1,019,535 and $3,136,613, respectively.
Purchases
For the years ended March 31, 2017 and 2016, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $8,460,136 and $10,102,389, respectively. For the years ended March 31, 2017 and 2016, the Company had purchases of absorption chillers from Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. totaling $685,000 and $291,000, respectively.

Note 6 - Operating Leases

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, 2017 and 2016 was $81,194 and $93,147, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending March 31	Amount
2018	$ 80,664
2019	65,093
2020	61,218
2021	61,824
2022	61,581
Thereafter	41,774
Total	**$ 372,154**

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 $184,500 and $133,000 at March 31, 2017 and 2016, respectively, for estimated chiller start up costs. In addition, the Company has accrued $12,000 and $36,279 at March 31, 2017 and 2016, respectively, for estimated future warranty claims.

Note 8 - Line of Credit

The Company had available borrowings of $750,000 under a line of credit agreement with a bank that matured on July 7, 2015. Effective November 2, 2016, the Company opened a new line of credit with available borrowings of $750,000 with a bank that matures on October 31, 2017. At March 31, 2017, advances under the revolving credit line bear interest at a rate of 3.00 percent above LIBOR (an effective rate of 3.93 percent at March 31, 2017) or the prime rate plus 0.25 percent (an effective rate of 4.00 percent at March 31, 2017). 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, 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:

	2017	2016
Current income tax expense	**$ 366,625**	$ 390,248
Deferred income tax benefit	-	(71,000)
Total income tax expense	**$ 366,625**	$ 319,248

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:

	2017	2016
Income tax expense Computed at 34 percent of pretax income	**$ 347,180**	$ 304,458
State income taxes Net of federal tax benefit	**15,775**	9,750
Nondeductible expenses and adjustments to prior year estimate Net	**3,670**	5,040
Total income tax expense	**$ 366,625**	$ 319,248

The details of the net deferred tax asset are as follows:

	2017	2016
Deferred tax assets:		
Warranty reserve	**$ 4,100**	$ 12,300
Inventory reserve	**20,800**	22,700
Section 263A	**11,700**	16,900
Accrued bonuses	**12,800**	13,200
Other	**131,600**	117,900
Gross deferred tax assets	**181,000**	183,000
Deferred tax liabilities Depreciation	**7,000**	9,000
Net deferred tax asset	**$ 174,000**	$ 174,000

No valuation allowance has been recognized for the deferred tax assets.

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, 2013. 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, 2017 and 2016, the allocation was 58 percent and 66 percent to the environment segment and 42 percent and 34 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, 2017 and 2016:

	2017	2016
Environment Segment		
Revenue from external customers	**$8,786,083**	$ 9,351,657
Other revenue	**202,041**	79,515
Segment pretax profit	**524,976**	1,068,641
Segment assets	**3,018,388**	3,474,619
Segment liabilities	**579,611**	667,653
Energy Segment		
Revenue from external customers	**6,503,792**	3,799,525
Other revenue	**9,795**	11,457
Segment pretax profit	**496,142**	(173,176)
Segment assets	**1,635,843**	3,298,085
Segment liabilities	**1,170,380**	3,574,044

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2017 and 2016:

	2017	2016
Revenue by Country		
United States	**$ 12,353,607**	$ 10,462,079
South America	**225,161**	409,456
Canada	**1,267,878**	253,946
Other	**1,655,065**	2,116,673
Total revenue	**$ 15,501,711**	$ 13,242,154
Assets		
Total assets for reportable segments	**$ 4,673,384**	$ 6,772,704
Unallocated amounts	**1,857,369**	1,652,293
Total assets	**$ 6,530,753**	$ 8,424,997
Liabilities		
Total liabilities for reportable segments	**$ 1,769,145**	$ 4,241,697
Unallocated amounts	**40,285**	116,470
Total liabilities	**$ 1,809,430**	$ 4,358,167

Revenue is allocated based on the geographic location of the customers.

Revenue from one customer of the environment segment represents approximately $3,273,776 (21 percent) and $3,266,166 (25 percent) of the Company's total revenue for the years ended March 31, 2017 and 2016, respectively. Revenue from one customer of the energy segment represents approximately $3,528,516 (23 percent) and $2,291,214 (17 percent) of the Company's total revenue for the years ended March 31, 2017 and 2016, 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, 2017 and 2016, the Company made matching contributions totaling $19,304 and $19,830, respectively.

Note 12 - Contingencies and Settlements

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

Registered Office

Av. Paulista, 37-04
ander-Edificio Pq
Cultureal Paulista
Sao Paulo, SP. Brazilo

Auditors

TOMSK AVALIAÇÃO E AUDITORIA
CNPJ no. 10.698.358/0001-93
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, 2017 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, 2017, 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.

TOMSK AVALIAÇÃO E AUDITORIA

CNPJ no. 10.698.358/0001-93

CRC- SP 2SP 025.442/O-3

São Paulo, Brazil

April 25, 2017

THERMAX DO BRASIL - ENERGIA E EQUIPAMENTOS LTDA.

Statement of Income for the year ended March 31, 2017

PARTICULARS	2017		2016	
	BRL	**Rs Lacs**	BRL	Rs Lacs
Gross income				
Sale of services	**41,762**	**8.67**	11,610	2.14
	41,762	**8.67**	11,610	2.14
Deduction from gross incomes				
Tax incident on sales	**(6,946)**	**(1.44)**	(5,597)	(1.03)
Gross profit	**34,816**	**7.23**	6,013	1.11
Operating expenses				
General and administrative expenses	**(71,927)**	**(14.93)**	(74,502)	(13.74)
Financial (expenses)/ income	**5,925**	**1.23**	6,342	1.17
Provision for Bad Debts	**5,325**	**1.11**	65,230	12.03
	(60,677)	**(12.60)**	(2,931)	(0.54)
Net Profit/Loss before tax	**(25,861)**	**(5.37)**	3,082	0.57
Revenue/expenses not operational	-	-	-	-
Taxes on income	-	-	-	-
Profit after tax	**(25,861)**	**(5.37)**	3,082	0.57

Exchange Rate : As at 31 Mar 17 is 1 BRL = Rs 20.76

Exchange Rate : As at 31 Mar 16 is 1 BRL = Rs 18.44

Balance Sheet Year Ended March 31, 2017

PARTICULARS	2017		2016	
	BRL	**Rs Lacs**	BRL	Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**225.73**	1,087,130	200.48
Accumulated losses	**(859,768)**	**(178.52)**	(833,907)	(153.78)
Total Funds Employed	**227,362**	**47.21**	253,223	46.70
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
Current Assets:				
Cash & Bank Balances	**164,796**	**34.22**	256,021	47.21
Trade receivables	**28,283**	**5.87**	32,758	6.04
(-) Provision for doubtful accounts	**(25,284)**	**(5.25)**	(32,758)	(6.04)
Recoverable taxes	**11,743**	**2.44**	11,743	2.17
Account Receivable (Intercompany)	**66,042**	**13.71**		
(-) Provision for losses	**(10,941)**	**(2.27)**	(10,941)	(2.02)
	234,639	**48.72**	256,823	47.36
Less : Current Liabilities & Provisions :				
Accounts payable	-	-	-	-
Taxes payable	**10,355**	**2.15**	10,813	1.99
Other accounts payable	**6,849**	**1.42**	3,600	0.66
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(2.06)**	(10,813)	(1.99)
	7,276	**1.51**	3,600	0.66
Net Current Assets	**227,362**	**47.21**	253,223	46.70
Total Funds Applied	**227,362**	**47.21**	253,223	46.70

Statement of changes in quotaholders' equity
Year ended march 31, 2017

	Capital		Accumulated losses		Total	
	BRL	**Rs Lacs**	**BRL**	**Rs Lacs**	**BRL**	**Rs Lacs**
Balances at April 1, 2016	1,087,130	225.73	(833,907)	(173.15)	253,223	52.58
Funds allocated to capital increase	-	-	-	-	-	-
Net Profit/ (Loss) for the period	-	-	(25,861)	(5.37)	(25,861)	(5.37)
Balances at March 31, 2017	1,087,130	225.73	(859,768)	(178.52)	227,362	47.21

Statement of Changes in Financial Position
Year ended March 31, 2017

	2017		2016	
Sources	**BRL**	**Rs Lacs**	BRL	Rs Lacs
From Operations				
Net Profit/(loss) for the period	**(25,861)**	**(5.37)**	3,082	0.57
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	-	-
Advance to Capital	-	-	-	-
Total sources	**(25,861)**	**(5.37)**	3,082	0.57
Applications	-	-	-	-
Reduction in net working capital	**(25,861)**	**(5.37)**	3,082	0.57

Statement of variation in net working capital

	March 31		March 31		Variation	
	2017	**2017**	**2016**	**2016**	**2016**	**2016**
	BRL	**Rs Lacs**	BRL	Rs Lacs	BRL	Rs Lacs
Current Assets	**234,639**	**48.72**	256,823	53.33	(22,185)	(4.61)
Current Liabilities	**7,276**	**1.51**	3,600	0.75	(3,676)	(0.76)
Net working capital	**227,362**	**47.21**	253,223	52.58	(25,861)	(5.37)

Notes to the Financial StatementsYear Ended March 31, 2017 (Amount in Reals)

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	**2017**
Accounts receivable	28.282.53
(-)Provision for Doubtful Debts	(25.283,53)
Net accounts receivable	**2.999,00**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

5. Accounts Receivable - Intercompany

Description	**2017**
Accounts receivable	66.041,97
Net accounts receivable	66.041,97

The amount of R$ 66.041,97 refers to invoice no. 01/2017 and 02/2017 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	**2017**
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	**2017**
PIS	1.199,00
COFINS	5.522,64
ISS – SALES	3.633,37
(-)Reversal – Taxes – Bad Debts	(9.927,66)
Net Taxes and Contributions payable	427,35

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	**2017**
Rent	1.800,00
Reimbursment – Mr.Felipe	3.249,00
Audit Fee	1.800,00
TOTAL	**6.849,00**

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$ 41.762,04 as presented below:

Description	**2017**
Services Sales	41.762,04
Net sales	41.762,04

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$ 6.945,80, as presented below:

Description	**2017**
ISS - SALES	3.082,81
COFINS – SALES	3.173,91
PIS – SALES	689,08
TOTAL	6.945,80

12. Operating Expenses

The composition of the "Operating Expenses" account is presented below:

Description	**2017**
Rents/Condominium	21.600,00
Accounting Outsourcing	41.600,00
Third Part Services	4.927,14
Auditory	1.800,00
Others	2.000,00
Total	71.927,14

13. Financial (expenses) income

The balance of the Financial (expenses) income and exchange variation income account is presented below:

Description	**2017**
Bank Expenses	(860,60)
Finance Income	6.785,61
Total	5.925,01

14 . Other Income/Expense

The balance of the Other Income/Expense is presented below:

Description	**2017**
Reversal – Taxes – Consulthermos	5.324,80
Total	5.324,80

15. Identified Contingencies

There are no identified tax and accounting contingencies for the year ended on March 31, 2017 (Previous Year Nil)

TOMSK AVALIAÇÃO E AUDITORIA
CNPJ no. 10.698.358/0001-93
CRC- SP 2SP 025.442/O-3
São Paulo, Brazil
April, 25, 2017

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. Balasubramaniam

Bankers
Industial and Commercial Bank of China
Citi Bank, China

AUDITOR'S REPORT

ZZKS [2017] NO. 1287

TO

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

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 2016, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

I. Responsibility of management

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes (1) Preparing these financial Statements in accordance with the Accounting Standards for Business Standards and Accounting System for Business Enterprises and enabling them to achieve a fair reflection; (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Responsibility of auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Independent Auditing Standards for Certified Public Accountants. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

Our audit work involves implementation of audit procedures to obtain the audit evidences relating to amount and disclosure of financial statements. The selection of audit procedures depends on judgment of certified public accountants, including the appraisal of material misstatement risk of the financial statements resulting from cheating or errors. During the execution of risk appraisal, the certified public accountants have considered the internal control relating to preparation and fair presentation of financial statements to design proper audit procedures, but the purpose is not to express an opinion on validity of internal control. The audit work also includes appraising whether the management applied proper accounting policy and made reasonable accounting estimate and appraising the overall presentation of these financial statements.
We believe the audit evidences obtained by us are sufficient and proper and shall provide the basis for expressing our audit opinion.

III. Audit opinion
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 2016 and the results of its operations and its cash flows for the year then ended.

ZHEJIANG ZHONGMING Certified Public Accountants CO., LTD

Certified Public Accountant: Li Aizhong

Certified Public Accountant: Luo Bin

Jiaxing, China

Date: Feb 21, 2017

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principle and practices generally accepted in the People' s Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principle and practices generally accepted in other countries and jurisdictions .In case the English version does not conform to the Chinese version, the Chinese version prevails.

Balance Sheet as at 31 December, 2016

PARTICULARS	2016		2015	
	RMB	**Rs Lacs**	RMB	Rs Lacs
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	**2,157,401**	**211.05**	1,096,877	111.76
Bill receivable	**500,000**	**48.91**	-	-
Accounts receivable	**22,589,058**	**2,209.78**	25,388,453	2,586.91
Other receivables	**898,240**	**87.87**	1,469,051	149.69
Advance to suppliers	**1,017,165**	**99.50**	1,702,744	173.50
Inventories	**12,194,297**	**1,192.91**	12,581,354	1,281.95
Other Current Assets	**715,175**	**69.96**	945,702	96.36
TOTAL CURRENT ASSETS	**40,071,336**	**3,919.98**	43,184,181	4,400.17
NON-CURRENT ASSETS				
Fixed Assets - cost	**60,685,527**	**5,936.57**	60,678,771	6,182.75
Less: Accumulated depreciation	**33,263,539**	**3,254.01**	29,456,911	3,001.46
Fixed Assets - Net book value	**27,421,987**	**2,682.56**	31,221,861	3,181.29
Intangible assets	**5,609,434**	**548.74**	5,754,728	586.37
Long-term deferred and prepaid expenses	**-**	**-**	-	-
TOTAL NON-CURRENT ASSETS	**33,031,421**	**3,231.30**	36,976,589	3,767.66
TOTAL ASSETS	**73,102,758**	**7,151.29**	80,160,769	8,167.83

LIABILITIES AND OWNER'S EQUITY

CURRENT LIABILITIES				
Short-term borrowings	**17,181,405**	**1,680.77**	14,909,013	1,519.13
Accounts payable	**17,817,764**	**1,743.03**	19,264,582	1,962.93
Advances from customers	**4,510,784**	**441.27**	3,804,590	387.66
Accrued Payroll	**782,862**	**76.58**	186,170	18.97
Taxes payable	**274,023**	**26.81**	167,846	17.10
Other amounts payables	**455,383**	**44.55**	327,774	33.40
Accrued expenses	**11,849,366**	**1,159.17**	12,455,574	1,269.14
TOTAL CURRENT LIABILITIES	**52,871,587**	**5,172.17**	51,115,549	5,208.32
OWNER'S EQUITY				
Paid in capital	**95,039,017**	**9,297.21**	95,039,017	9,683.82
Accumulated losses	**(74,807,847)**	**(7,318.09)**	(65,993,797)	(6,724.31)
TOTAL OWNER'S EQUITY	**20,231,170**	**1,979.12**	29,045,221	2,959.51
TOTAL LIABILITIES AND OWNER'S EQUITY	**73,102,758**	**7,151.29**	80,160,769	8,167.83

Statement of changes in Equity for the year ended 31 December, 2016

	Share Capital		**Accumulated Losses**		**Total**	
	2016	**2016**	**2016**	**2016**	**2016**	**2016**
	RMB	**Rs Lacs**	**RMB**	**Rs Lacs**	**RMB**	**Rs Lacs**
Balances at 1 January 2016	95,039,017	9,297.21	(65,993,797)	(6,455.85)	29,045,221	2,841.35
Profit for the current period	-	-	(8,814,050)	(862.24)	(8,814,050)	(862.24)
Balances at 31 December 2016	**95,039,017**	**9,297.21**	**(74,807,847)**	**(7,318.09)**	**20,231,170**	**1,979.12**

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

Income Statement for the year ended 31 December, 2016

PARTICULARS	2016		2015	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Revenue from main operations	**58,939,073**	**5,765.72**	68,748,322	7,004.98
Revenue from other operations	**2,060,633**	**201.58**	2,713,851	276.52
Less : Cost of main operations	**49,133,134**	**4,806.46**	54,264,021	5,529.13
Cost of other operations	**749,153**	**73.29**	1,553,850	158.33
Taxes and surcharge	**1,058,047**	**103.50**	1,061,739	108.18
Operation expenses	**7,253,397**	**709.56**	9,157,202	933.06
General and administrative expenses	**9,944,463**	**972.82**	8,350,539	850.86
Financial expenses	**1,677,607**	**164.11**	251,749	25.65
Loss from Operations	**(8,816,095)**	**(862.44)**	(3,176,927)	(323.71)
Add: Non-operating revenue	**92,232**	**9.02**	108,312	11.04
Less: Non-operating expenses	**90,188**	**8.82**	6,086	0.62
Loss before tax	**(8,814,050)**	**(862.24)**	(3,074,702)	(313.29)
Income tax	**-**	**-**	-	-
Net loss for the year	**(8,814,050)**	**(862.24)**	(3,074,702)	(313.29)

The annexed Notes form an integral part of financial statements.

Cash Flow Statement for the year ended 31 December, 2016

PARTICULARS	2016		2015	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	**65,585,849**	**6,415.95**	70,144,011	7,147.19
Refund of taxes	**3,167,099**	**309.82**	1,277,656	130.18
Other cash received relating to operating activities	**590,568**	**57.77**	250,911	25.57
Cash paid for goods & services	**(46,046,860)**	**(4,504.54)**	(49,912,471)	(5,085.73)
Cash paid to & on behalf of employees	**(14,289,426)**	**(1,397.87)**	(11,867,908)	(1,209.26)
Other cash paid relating to operating activities	**(7,493,341)**	**(733.04)**	(8,909,187)	(907.78)
Net cash used in operating activities	**1,513,888**	**148.10**	983,013	100.16
Less : Payment of all types of taxes	**1,118,186**	**109.39**	1,455,514	148.31
Net cash used in operating activities	**395,702**	**38.71**	(472,501)	(48.14)
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	**(164,720)**	**(16.11)**	(252,738)	(25.75)
Net cash used in investing activities	**(107,772)**	**(10.54)**	(252,738)	(25.75)
Cash Flows from Financing activities				
Cash Received from investors	**-**	**-**	-	-
Cash Received from borrowings	**57,019,126**	**5,577.90**	31,359,013	3,195.27
Repayment of borrowings	**(54,746,734)**	**(5,355.61)**	(32,683,553)	(3,330.23)
Cash paid for distribution of dividends or profits and for interest expenses	**(724,224)**	**(70.85)**	(936,318)	(95.40)
Net cash received in financing activities	**1,548,168**	**151.45**	(2,260,857)	(230.37)
Effect of Foreign exchange rate changes on cash and cash equivalents	**(775,574)**	**(75.87)**	1,016,573	103.58
Net increase/(decrease) in cash at banks and in hand	**1,060,524**	**103.75**	(1,969,524)	(200.68)
Cash at banks and in hand at beginning of year	**1,096,877**	**107.30**	3,066,401	312.45
Cash at banks and in hand at end of year	**2,157,402**	**211.05**	1,096,877	111.76

Exchange rate : as at 31 December 2016 is 1 RMB = Rs 9.78

Exchange rate : as at 31 December 2015 is 1 RMB = Rs 10.19

Supplemental Information to the Cash Flow Statement for the year ended 31 December, 2016

PARTICULARS	2016		2015	
	RMB	**Rs Lacs**	RMB	Rs Lacs
1. Reconciliation of net profit to cash flows from operating activities				
Net Profit	**(8,814,050)**	**(862.24)**	(3,074,702)	(313.29)
Add: Impairment losses on assets	-	-	-	-
Depreciation of fixed assets	**3,832,605**	**374.93**	3,847,832	392.07
Amortization of intangible assets	**167,558**	**16.39**	169,623	17.28
Amortization of long-term deferred expenses	-	-	-	-
Decrease in prepaid expenses	**(25,388)**	**(2.48)**	8,831	0.90
Increase in accrued expenses	**(623,370)**	**(60.98)**	2,478,552	252.55
Net loss on disposal of fixed assets	**49,890**	**4.88**	5,757	0.59
Loss on retirement of fixed assets	**2,886**	**0.28**	-	-
Financial expenses	**1,516,960**	**148.40**	(80,255)	(8.18)
Decrease in inventories	**387,057**	**37.86**	2,237,903	228.03
Decrease in operating receivables	**3,811,699**	**372.88**	(6,725,547)	(685.29)
Increase in operating payables	**89,855**	**8.79**	659,505	67.20
Net cash flow operating activities	**395,702**	**38.71**	(472,501)	(48.14)
2. Net change in cash equivalents				
Cash balance at the end of this year	**2,157,401**	**211.05**	1,096,877	111.76
Less: Cash balance at the beginning of the year	**1,096,877**	**107.30**	3,066,401	312.45
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	**1,060,524**	**103.75**	(1,969,524)	(200.68)

NOTES TO THE FINANCIAL STATEMENTS For the year ended Dec.31, 2016

(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 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	2016-12-31			2015-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			28,360.81			28,226.90
RMB	25,100.42		25,100.42	16,174.26		16,174.26
USD	470.00	6.9370	3,260.39	400.00	6.4936	2,597.44
AUD				2,000.00	4,7276	9,455.20
Cash in bank			2,129,040.57			1,068,650.08
RMB	1,575,565.84		1,575,565.84	1,068,629.24		1,068,629.24
USD	79,785.87	6.9370	553,474.58	2.86	6.4936	18.57
EUR				0.18	7.0952	1.28
AUD	0.03	5.0157	0.15	0.21	4,7276	0.99
Total			2,157,401.38			1,096,876.98

4.2 Bill receivable

Account Age	2016-12-31			2015-12-31		
	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	2016-12-31			2015-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	15,260,035.28	52.90%		19,491,238.21	66.09%	
1-2years	7,701,110.98	26.69%	1,729,040.00	6,062,552.18	20.56%	1,275,115.00
2-3years	3,870,389.00	13.42%	2,601,473.00	2,440,627.74	8.28%	1,330,850.00
Over 3 years	2,016,063.00	6.99%	1,928,027.00	1,497,700.00	5.08%	1,497,700.00
Total	28,847,598.26	100.00%	6,258,540.00	29,492,118.13	100.00%	4,103,665.00

4.3.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD$	339,658.44	6.9370	2,356,210.60
EUR	645.00	7.3068	4,712.89

4.4 Other receivable

4.4.1 Age analysis

Account Age	2016-12-31			2015-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	636,273.17	70.84%		1,311,713.90	89.29%	-
1~2years	158,070.80	17.60%		36,420.50	2.48%	-
2~3years	10,000.00	1.11%		46,379.20	3.16%	-
Over 3 years	93,896.46	10.45%		74,537.26	5.07%	-
Total	898,240.43	100.00%		1,469,050.86	100.00%	

4.5 Accounts in advance

4.5.1 Age analysis

Account Age	2016-12-31			2015-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	927,895.14	91.22%	-	1,514,629.19	88.95%	-
1~2years	49,270.00	4.84%		188,115.00	11.05%	
2~3years	40,000.00	3.93%				
Total	1,017,165.14	100.00%	-	1,702,744.19	100.00%	-

4.6 Inventory

Items	2016-12-31		2015-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	6,580,162.29	587,866.56	4,574,759.47	264,818.81
Finished goods	1,050,279.42	7,965.50	1,154,195.50	60,000.00
Work-in-progress	5,102,619.35	11,621.15	7,177,217.87	
Materials in transit	68,688.79			
total	12,801,749.85	607,453.21	12,906,172.84	324,818.81

4.7 Other current assets

Items	2016-12-31	2015-12-31
Deferred expenses	344,578.81	319,190.87
VAT paid	370,595.71	626,510.85
Total	715,174.52	945,701.72

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**	**60,678,771.25**	**142,455.62**	**135,700.36**	**60,685,526.51**
	Plant and buildings	33,303,687.15			33,303,687.15
	Machinery	25,103,226.42			25,103,226.42
	Electronic equipment	427,195.87	31,097.44	28,012.75	430,280.56
	Office equipment	481,905.63	4,520.57	850.00	485,576.20
	Furniture and others	1,362,756.18	106,837.61	106,837.61	1,362,756.18
II	**Accumulated depreciation**	**29,456,910.65**	**3,832,605.14**	**25,976.47**	**33,263,539.32**
	Plant and buildings	11,229,073.18	1,498,934.82		12,728,008.00
	Machinery	16,377,947.17	2,261,194.32		18,639,141.49
	Electronic equipment	326,732.33	39,680.74	25,211.47	341,201.60
	Office equipment	423,245.00	5,243.54	765.00	427,723.54
	Furniture and others	1,099,912.97	27,551.72		1,127,464.69
III	**impairment of fix assets**				
	Plant and buildings				
	Machinery				
	Transportation equipment				
	Office equipment				
	Furniture and others				
IV	**Net value of fixed assets**	**31,221,860.60**			**27,421,987.19**
	Plant and buildings	22,074,613.97			20,575,679.15
	Machinery	8,725,279.25			6,464,084.93
	Electronic equipment	100,463.54			89,078.96
	Office equipment	58,660.63			57,852.66
	Furniture and others	262,843.21			235,291.49

4.9 Intangible assets

Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
Land use right	5,737,390.31		139,088.28	5,598,302.03
3D design software	17,337.64	22,264.15	28,469.74	11,132.05
Total	5,754,727.95	22,264.15	167,558.02	5,609,434.08

4.10 Short-term loans

Bank Names	2016-12-31	2015-12-31
Citibank (china)	17,181,405.21	14,909,013.28
Total	17,181,405.21	14,909,013.28

Note : As of 31 December 2016, the bank loan borrowed from Citibank (china) Co.,Ltd. ShangHai Branch with the amount of RMB17,181,405.21 is guaranteed by Thermax limited.

4.11 Accounts payable

4.11.1 Age analysis

Account age	2016-12-31		2015-12-31	
	Amount	%	Amount	%
Within 1 year	17,541,535.19	98.45%	19,150,735.93	99.41%
1~2years	163,019.62	0.91%	113,845.70	0.59%
2~3years	113,209.21	0.64%		
Total	17,817,764.02	100.00%	19,264,581.63	100.00%

4.11.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	381,897.87	6.9370	2,649,225.53
EUR	38,639.62	7.3068	282,331.98
GBP	4,127.21	8.5094	35,120.08
Total	424,664.70		2,966,677.59

4.12 Deposit received

4.12.1 Age analysis

Account age	2016-12-31		2015-12-31	
	Amount	%	Amount	%
Within 1 year	3,634,784.00	80.58%	2,611,702.49	68.65%
1~2years			772,887.68	20.31%
2~3years	456,000.00	10.11%	370,000.00	9.73%
Over 3 years	420,000.00	9.31%	50,000.00	1.31%
Total	4,510,784.00	100.00%	3,804,590.17	100.00%

4.12.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	459,173.13	6.9370	3,185,284.00
Total	459,173.13		3,185,284.00

4.13 Accrued payroll

Item	2016-12-31	2015-12-31
Payroll for Chinese employee	290,964.18	186,170.31
Bonus	491,898.01	
Total	782,862.19	186,170.31

4.14 Tax and other fees payable

Item	2016-12-31	2015-12-31
Individual income tax	31,858.60	25,372.32
Land use tax	63,444.00	52,870.00
Stamp tax	2,374.69	1,193.12
Real estate tax payable	174,425.32	87,212.66
Water conservancy construction fund	38.89	1,197.40
Local education surtax	313.58	
urban maintenance and construction tax	1,097.53	
Education surtax	470.37	
Total	274,022.98	167,845.50

4.15 Other payable

4.15.1Age analysis

Accounting age	2016-12-31		2015-12-31	
	Amount	%	Amount	%
Within 1 year	443,301.21	97.35%	213,973.98	65.28%
1~2 years			180.00	0.05%
2~3 year			12,082.10	3.69%
Over 3 years	12,082.10	2.65%	101,538.00	30.98%
Total	455,383.31	100.00%	327,774.08	100.00%

4.15.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	14,795.02	6.9370	102,633.05

4.16 Accrued expenses

Item	2016-12-31	2015-12-31
Water, Electricity, Steam fee	43,581.42	49,536.94
Insurance & Freight fee	24,667.17	10,439.91
Product warranty fee	2,560,090.94	2,624,176.43
Payroll	139,918.00	572,485.00
Commission	2,525,573.14	3,035,666.88
Staff commission	1,713,973.64	2,108,252.46
Material and commissioning expense	2,161,012.81	2,338,242.58
Entertainment expenses	202,716.77	167,422.29
Travelling expenses	398,645.10	312,063.48
others	2,079,186.56	1,237,287.69
Total	11,849,365.55	12,455,573.66

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	- 65,993,796.54
Add : Net profit of this period	-8,814,050.45
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	-74,807,846.99

4.19 Revenue from main operations and cost of main operations

Item	Revenue from main operations		Cost of main operations	
	FY2016	FY2015	FY2016	FY2015
Domestic sales	21,376,379.11	31,932,136.78	18,994,682.25	28,897,120.43
Overseas sales	37,562,693.73	36,816,185.23	30,138,451.34	25,366,900.67
Total	58,939,072.84	68,748,322.01	49,133,133.59	54,264,021.10

4.20 Profit from other operations

Item	Revenue from main operations		Cost of main operations	
	FY2016	FY2015	FY2016	FY2015
Spares Materials sales	1,077,019.02	2,108,263.69	516,864.73	1,437,062.22
Scrap Material sales	75,253.68	88,850.80	-	15,129.54
Service revenue	908,360.33	516,736.02	232,288.76	101,658.12
Total	2,060,633.03	2,713,850.51	749,153.49	1,553,849.88

4.21 Tax and surcharge

Items	FY2016	FY2015
Stamp tax	20,154.16	
Land use tax	84,592.00	
building tax	232,567.09	
Water conservancy construction fund	17,247.41	
Security for the disabled	15,200.00	
operating tax	6,491.56	8,929.43
Local education surtax	113,632.39	175,468.23
urban maintenance and construction tax	397,713.33	614,138.83
Education surtax	170,448.58	263,202.37
Total	1,058,046.52	1,061,738.86

4.22 Operation expenses

Items	FY2016	FY2015
Salaries and welfare	2,368,123.23	2,994,588.31
Warranty and FOC	2,152,848.02	1,009,517.45
Business trip	772,301.34	809,875.62
Entertainment expenses	370,607.96	458,345.65
Consulting fee	200,574.75	1,968,484.63
House Rent	233,676.21	294,228.53
Freight and Loading fee	337,252.76	355,610.31
Exported fee	479,995.44	578,752.68
Office expenses	-	8,321.99
Exhibition expenses	18,836.72	107,486.35
Advertisement	1,833.35	12,268.13
Communication fee	64,530.20	67,164.48
Depreciation	12,772.71	12,553.94
Others	240,043.98	480,003.59
Total	7,253,396.67	9,157,201.66

4.23 General and administrative expenses

Items	FY2016	FY2015
Salaries and welfare	4,082,031.49	3,787,612.68
Consulting expenses	250,289.14	305,423.14
Taxes	201,675.97	1,564,742.59
Deprecation	371,574.93	379,330.54
Car expenses	225,062.83	185,328.39
Maintain expense	4,007.71	38,687.21
House rent	295,400.00	273,000.00
Travel expenses	897,009.82	707,764.24
Amortization	167,558.02	169,622.52
Provision for obsolete stocks	282,634.40	-214,062.38
Insurance	180,612.76	144,350.67
Communication expenses	116,608.45	95,022.07
Office expenses	107,765.50	64,302.89
Entertainment expenses	200,625.41	153,276.11
Bad debt reserves	2,154,875.00	1,450,796.00
Others	406,731.44	307,081.34
Total	9,944,462.87	9,412,278.01

4.24 Financial expenses

Items	FY2016	FY2015
Interest expense	741,386.17	936,317.91
Less : interest income	4,128.10	5,792.85
Exchange Loss	822,000.92	-811,606.40
Others	118,348.32	132,830.34
Total	1,677,607.31	251,749.00

4.25 Revenue from subsidies

Items	FY2016	FY2015
Tax refund	88,680.51	98,279.18
Government subsidies		
Total	88,680.51	98,279.18

4.26 Non-operating revenue

Items	FY2016	FY2015
Debt exemption		
Others	3,551.47	10,032.60
Total	3,551.47	10,032.60

4.27 Non-operating expenses

Items	FY2016	FY2015
Disposal of fixed value property loss	52,775.98	5,756.63
Others	37,411.87	329.59
Total	90,187.85	6,086.22

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	FY2016	FY2015
Thermax Ltd.	842,847.66	1,132,715.06
Thermax Inc	33,682.20	136,605.39
Thermax Europe Limited	251,780.18	125,040.24
Total	1,128,310.04	1,394,360.69

2. Sales of goods and services

Name of related parties	FY2016	FY2015
THERMAX INC	4,356,993.57	4,492,726.07
Thermax Europe Limited	6,086,986.96	13,040,310.21
Thermax Ltd.	13,137,164.32	10,179,962.95
Total	23,581,144.85	27,712,999.23

3. Amounts due from/to related parties

Name of related parties	Account	Amount
Thermax Ltd.	Accounts receivable	150,970.21
Thermax Ltd.	Accounts payable	434,812.27
Thermax Inc	Accounts payable	35,098.03
Thermax Europe Limited	Accounts receivable	4,712.89
Thermax Europe Limited	Accounts payable	238,994.56

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 May 15th, 2015, Taizhou Youran(the customer) purchased a chiller from the company, pricing 1.44 million yuan. Since Taizhou Youran fails to make payment in accordance with the contract term, the Company had sued to the law-court to request the payment of 428480yuan and interest. On April 16th,2016,Taizhou Youran filed counterclaims that the chiller has quality problem result in economic losses. On Oct 21,2016,the court decreed that the sales contract should be lifted ,the defendant should return the demandant chiller, the demandant should return defendant payment of 660438yuan.The company appeal against the judgement on Nov,7th,2016 and the verdict is upheld

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 RMB 802,000.00, USD 89,280.00and the letter of credit of USD 265,050.00 for the company .

9. Others

The Mark to Market figure of the company's forward FX contracts is USD-19,901.98 as of 2016-12-31.

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.	Emst & 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 Netherlands B.V.

Report on the audit of the financial statements 2016/2017 included in the annual report

Our opinion

We have audited the financial statements 2016/2017 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 Netherlands B.V. as at 31 March 2017, and of its result for the year then 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 2017
- The profit and loss account for the year ended 31 March 2017
- 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 Netherlands B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening 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 consists 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. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information 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 statements 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 operations,

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 of 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.

Missatements 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. 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 Standards 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 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

- Obtaining 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 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 requited 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 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 transactions 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, 19 May 2017
Ernst & Young Accountants LLP
S. van den Ham

Balance Sheet as at March 31, 2017

(Before appropriation of the result)

ASSETS	Note No	**03/31/2017**		03/31/2016	
		Euro	**Rs Lacs**	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Investment in subsidiary	1	**20,021,767**	**13,825.72**	20,021,767	15,092.26
		20,021,767	**13,825.72**	20,021,767	15,092.26
CURRENT ASSETS:					
Prepaid expenses		**10,430**	**7.20**	9,960	7.51
Cash at bank	2	**267,658**	**184.83**	279,517	210.70
		278,088	**192.03**	289,477	218.21
TOTAL ASSETS		**20,299,855**	**14,017.75**	20,311,244	15,310.46
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	3				
Share capital		**20,500,000**	**14,155.96**	20,500,000	15,452.75
Accumulated results		**(199,457)**	**(137.73)**	(171,968)	(129.63)
Result for the year		**(35,071)**	**(24.22)**	(27,488)	(20.72)
		20,265,472	**13,994.01**	20,300,544	15,302.40
CURRENT LIABILITIES:					
Accrued expenses	4	**34,383**	**23.74**	10,700	8.07
TOTAL LIABILITIES		**20,299,855**	**14,017.75**	20,311,244	15,310.46

Statement of Income and Expenses for the year ended March 31, 2017

	Note No	**04/01/16-3/31/2017**		**04/01/15-3/31/2016**	
		Euro	**Rs Lacs**	Euro	Rs Lacs
OPERATIONAL INCOME AND EXPENSES:					
Administrative expenses	5	**(35,071)**	**(24.22)**	(27,488)	(20.72)
Net result		**(35,071)**	**(24.22)**	(27,488)	(20.72)

Exchange Rate as on 31 March 2017 is 1 Euro = 69.0534

Exchange Rate as on 31 March 2016 is 1 Euro = 75.3793

Statement of Changes in Equity for the period 1st April 2016 to 31st March 2017

	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 March 31, 2015	20,500,000	14,155.96	(142,902)	(98.68)	(29,066)	(20.07)	20,328,032	14,037.21
Allocation of result	-	-	(29,066)	(20.07)	29,066	20.07	-	-
Result for the period	-	-	-	-	(27,488)	(18.98)	(27,488)	(18.98)
Balance as at March 31, 2016	20,500,000	14,155.96	(171,968)	(118.75)	(27,488)	(18.98)	20,300,544	14,018.22
Allocation of result	-	-	(27,488)	(18.98)	27,488	18.98	-	-
Result for the period	-	-	-	-	(35,071)	(24.22)	(35,071)	(24.22)
Other Movements	-	-	(1)	(0.00)	-	-	(1)	(0.00)
Balance as at March 31, 2017	20,500,000	14,155.96	(199,457)	(137.73)	(35,071)	(24.22)	20,265,472	13,994.01

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. As at 31 March 2017, 20,500,000 (2016: 20,500,000) shares were issued and fully paid up.

Exchange Rate as on 31 March 2017 is 1 Euro = 69.0534

Exchange Rate as on 31 March 2016 is 1 Euro = 75.3793

Notes to the Financial statements March 31, 2017

General

Thermax Netherlands B.V. (hereinafter "the Company"), a limited liability company, having its statutory seat in Amsterdam and its business place at Herikerbergweg 238, 1101 CM 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 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 7, Part 9, Book 2 of the Dutch Civil Code in not presenting a Managing Directors report.

Accounting principles

General

The accompanying accounts have been prepared in accordance with the provisions of EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board.

Foreign currencies

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, if any, have been recognised in the Profit and loss account.

Financial fixed assets

Consolidation has not taken place, since the Company makes use of Article 408, Part 9, Book 2 of the Dutch Civil Code in filing the annual accounts of its parent company Thermax Limited, India with the Chamber of Commerce in the Netherlands.

Participating interests are stated at cost, less any permanent diminution in value.

Cash at bank

Cash and cash equivalents include bank balances and are stated at face value.

Other assets and liabilities

Unless otherwise indicated assets and liabilities are stated at face value.

Determination of income

Income and expenses are recognised in the year to which they are related. Profit is only recognised when realised on balance sheet date. Losses originating before the end of the financial year are taken into account if they become known before preparation of the financial statements.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit for commercial and profit for tax purposes. Deferred tax assets arising from available tax loss carry forwards are only recognized to the extent that recovery is reasonable certain.

(1) Investment in subsidiary

	Held in %	**03/31/17**	**03/31/16**
Thermax Denmark ApS	100%	20,021,767	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.

As per 31 March 2017 the Company holds 100% of the issued share capital of Thermax Denmark ApS. The total amount involved was EUR 20,021,767.

(2) Cash at bank

The cash at bank is comprised as follows:

	03/31/17	**03/31/16**
CITI Bank Europe PLC, EUR account	267,658	279,517

The Company maintains a EUR bank account with CITI Bank in Amsterdam of which the balance is available on demand, account with Royal Bank of Scotland in Amsterdam was closed on 30 December 2016.

(3) Shareholders' equity

The movement in the shareholders' equity is comprised as follows:

	Issued share capital	Accumulated results	Result for the year	Total
Balance as at March 31, 2015	20,500,000	(142,902)	(29,066)	20,328,032
Allocation of result	-	(29,066)	29,066	-
Result for the period	-	-	(27,488)	(27,488)
Balance as at March 31, 2016	20,500,000	(171,968)	(27,488)	20,300,544
Allocation of result	-	(27,488)	27,488	-
Result for the period	-	-	(35,071)	(35,071)
Other movements	-	(1)	-	(1)
Balance as at March 31, 2017	20,500,000	(199,457)	(35,071)	20,265,472

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. As at 31 March 2017 20,500,000 (2016: 20,500,000) shares were issued and fully paid up.

(4) Accrued expenses

The accrued expenses are comprised as follows:

	03/31/17	03/31/16
Accrued management & domiciliation fees	19,278	-
Accrued tax advisory fees	6,000	2,500
Accrued audit fees	9,105	8,000
Accrued bank charges	-	200
	34,383	10,700

(5) Administrative expenses

The administrative expenses are comprised as follows:

	04/01/16 - 03/31/17	04/01/15 - 03/31/16
Administration accounting fees	11,495	9,563
Tax advisory fees	6,525	3,025
Management fees	5,757	5,105
Audit fees	10,211	8,833
Bank charges	1,083	962
	35,071	27,488

Other notes

Employees

The Company does not employ any staff (2016: nil) and hence incurred no salary, related social security charges or pension costs in 2017 and 2016.

Managing directors

The Board of Directors consists of two members (2016: two) and does not have a Board of Supervisory Directors.

Amsterdam, May 19, 2017

Mr. H.P. Mohgaonkar **TMF Netherlands B.V.**

Supplementary Information March 31, 2017

Statutory provision of appropriation of result

In accordance with article 22 of the Articles of Association the result for the year is at the disposal of the General Meeting of Shareholders. Dutch law stipulates that distributions may only be made to the extent the Company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the Company will not be able to fulfill its financial obligations in the foreseeable future.

Proposed appropriation of result

The management proposes to carry forward the result for the period under review.

Post-balance sheet events

After balance sheet date, the Company received capital amounting to EUR 2 million on 19 April 2017, for making further investment into its subsidiary Thermax Denmark ApS.

No other events have occurred since 31 March 2017 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Auditors' opinion

The auditors' report is presented on the next page.

THERMAX DENMARK APS

Board of Directors	***Registered Office***	***Auditors***
Hemant Prabhakar Mohgaonkar	Industrivej Nord 13	Emst & Young
Amitabha Mukhopadhyay	DK-7400 Herning	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 2016 – 31 March 2017.

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 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year
1 April 2016 – 31 March 2017.

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, 28 April 2017

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 2016 – 31 March 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as a consolidated statement of cash flows. 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 2017 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 2016 – 31 March 2017 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" section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 these consolidated financial statements and parent company 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company 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, 28 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Stagaard Jensen State Authorised Public Accountant	Birgitte Nygaard Jørgensen State Authorised Public Accountant

Management's Review

Company Details
Tharmax Denmark Aps
Industrivej Nord 13
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
Emst & Yound Godkendt REvisionspartnerselskab
Havnegade 33
DK-6700 Esbjerg

Financial highlights for the Group

DKKm	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	292	261	303	479	388
Operating profit	4	2	-60	16	16
Profit from financial income and expenses	-4	-5	-5	-5	-6
Profit before tax	1	-3	-66	11	10
Profit/loss for the year	**-1**	**-3**	**-64**	**7**	**5**
Non-current assets	140	147	157	199	193
Current assets	87	84	85	172	159
Total assets	**226**	**232**	**242**	**372**	**352**
Equity	**101**	**101**	**103**	**167**	**159**
Provisions	17	17	19	22	19
Non-current liabilities other than provisions	43	24	44	65	84
Current liabilities other than provisions	66	89	76	118	90
Cash flows from operating activities	26	-7	20	10	11
Cash flows from investing activities	-4	-3	-2	-20	-5
Portion relating to investment in property, plant and equipment	-2	-3	-2	-3	-5
Cash flows from financing activities	0	-20	-20	-10	-2
Total cash flows	**22**	**-30**	**-2**	**-20**	**4**
Financial ratios					
Operating margin	1.5	0.8	-4.8	3.3	4.0
Equity ratio	44.5	43.7	42.6	45.0	45.1
Return on equity	-1.2	-2.9	-47.3	4.2	3.4
Average number of full-time employees	**204**	**214**	**259**	**330**	**256**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". 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.

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 improved compared to last year, but not satisfactory.

Profit for the year before tax of DKK 605thousand and after tax of DKK -1,222 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, but no orders for the Russian market were received during the last year due to the crises in Ukraine.

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.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2015/16. 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 2 profitable, strong and individually independent sales companies in Danstoker and Boilerworks, both 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 2017/18.

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 2018. The aim in not fulfilled in the parent company as the Group's Executive Board of two men is unchanged in 2016/17.

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 2016/17.

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.

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Income Statement

		2016/17		2015/16		2016/17		2015/16	
		Consolidated		Consolidated		Parent Company		Parent Company	
	Notes	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs	DKK'000	Rs. Lacs
Revenue	2	292,192	27,141.08	261,458	26,454.87	-	-	-	-
Production costs	3	(251,581)	(23,368.82)	(223,845)	(22,649.11)	-	-	-	-
Gross profit		40,611	3,772.27	37,613	3,805.76	-	-	-	-
Distribution costs	3	(16,484)	(1,531.16)	(15,857)	(1,604.44)	-	-	-	-
Administrative expenses	3,4	(19,715)	(1,831.28)	(19,717)	(1,995.01)	(109)	(10.12)	(69)	(6.98)
Other operating income		23	2.14	16	1.62	-	-	-	-
Operating profit		4,435	411.96	2,055	207.93	(109)	(10.12)	(69)	(6.98)
Profits/losses from investments in subsidiaries	10	-	-	-	-	520	48.30	(932)	(94.30)
Financial income	5	1,650	153.26	1,516	153.39	49	4.55	17	1.72
Financial expenses	6	(5,480)	(509.03)	(6,222)	(629.56)	(2,190)	(203.42)	(2,544)	(257.41)
Profit before tax		605	56.20	(2,651)	(268.23)	(1,730)	(160.70)	(3,528)	(356.97)
Tax on profit for the year	7	(1,827)	(169.71)	(296)	(29.95)	508	47.19	581	58.79
Profit for the year		(1,222)	(113.51)	(2,947)	(298.18)	(1,222)	(113.51)	(2,947)	(298.18)

Balance Sheet

	Notes	2016/17		2015/16		2016/17		2015/16	
		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								
Goodwill		96,411	8,955.41	103,489	10,471.24	-	-	-	-
Licences, software		134	12.45	140	14.17	-	-	-	-
Development completed		6	0.56	76	7.69	-	-	-	-
Prepayments for intangible assets		1,602	148.81	-	-	-	-	-	-
		98,153	9,117.22	103,705	10,493.09	-	-	-	-
Property, plant and equipment	9								
Land and buildings		31,345	2,911.57	32,327	3,270.91	-	-	-	-
Plant and machinery		8,695	807.66	10,204	1,032.46	-	-	-	-
Fixtures and fittings, tools and equipment		1,228	114.07	1,176	118.99	-	-	-	-
Property, plant and equipment under construction		228.00	21.18	-	-	-	-	-	-
		41,496	3,854.47	43,707	4,422.37	-	-	-	-
Investments	10								
Investments in subsidiaries		-	-	-	-	140,686	13,068.02	139,866	14,151.94
		-	-	-	-	140,686	13,068.02	139,866	14,151.94
Total non-current assets		139,649	12,971.69	147,412	14,915.46	140,686	13,068.02	139,866	14,151.94
Current assets									
Inventories									
Raw materials and consumables		13,745	1,276.74	12,675	1,282.48	-	-	-	-
Semi-finished goods		3,012	279.78	2,676	270.76	-	-	-	-
		16,757	1,556.52	15,351	1,553.25	-	-	-	-
Receivables									
Trade receivables		14,818	1,376.41	27,486	2,781.09	-	-	-	-
Deffered Tax assets	13	-	-	-	-	34	3.16	-	-
Work in progress (customer-specific orders)	11	50,633	4,703.19	37,276	3,771.66	-	-	-	-
Amounts owed by group companies		25	2.32	80	8.09	3,791	352.14	2,863	289.68
Corporation tax receivable		-	-	89.00	9.01	-	-	89	9.01
Other receivables		1,862	172.96	932	94.30	-	-	-	-
Prepayments	12	1,400	130.04	1,461	147.83	-	-	-	-
		68,738	6,384.92	67,324	6,811.98	3,825	355.30	2,952	298.69
Cash at bank and in hand		1,100	102.18	1,567	158.55	206	19.13	227	22.97
Total current assets		86,595	8,043.62	84,242	8,523.78	4,031	374.43	3,179	321.66
Total assets		226,244	21,015.32	231,654	23,439.24	144,717	13,442.45	143,045	14,473.60

THERMAX DENMARK APS

Consolidated financial statements and parent company financial statements for the period 1 April 2016 - 31 March 2017

Balance Sheet

	Notes	**2016/17**		2015/16		**2016/17**		2015/16	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES									
Equity									
Share capital		**75,000**	**6,966.59**	75,000	7,588.66	**75,000**	**6,966.59**	75,000	7,588.66
Net revaluation according to the equity method		-	-	-	-	-	-	-	-
Retained earnings		**25,721**	**2,389.17**	26,123	2,643.18	**25,721**	**2,389.17**	26,123	2,643.18
Total equity		**100,721**	**9,355.76**	101,123	10,231.84	**100,721**	**9,355.76**	101,123	10,231.84
Provisions									
Deferred tax	13	**11,819**	**1,097.84**	9,773	988.85	-	-	-	-
Other provisions	14	**5,356**	**497.51**	7,669	775.97	-	-	-	-
Total provisions		**17,175**	**1,595.35**	17,442	1,764.82	-	-	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions	15								
Mortgage credit institutions		**13,752**	**1,277.39**	14,440	1,461.07	-	-	-	-
Bank loans		**27,892**	**2,590.83**	9,919	1,003.63	**27,892**	**2,590.83**	9,174	928.24
Lease liabilites		**937**	**87.04**	-	-	-	-	-	-
		42,581	**3,955.26**	24,359	2,464.70	**27,892**	**2,590.83**	9,174	928.24
Current liabilities other than provisions									
Current portion of non-current liabilities other than provisions other than provisions	15	**1,466**	**136.17**	19,875	2,010.99	-	-	18,349	1,856.59
Bank loans		**798**	**74.12**	22,970	2,324.15	-	-	-	-
Prepayments received from customers	11	**12,462**	**1,157.57**	1,078	109.07	-	-	-	-
Trade payables		**20,241**	**1,880.14**	15,863	1,605.05	-	-	-	-
Amounts owed to group companies		**4,484**	**416.51**	2,023	204.69	**15,928**	**1,479.52**	13,483	1,364.24
Other payables		**26,156**	**2,429.57**	26,921	2,723.92	**176**	**16.35**	916	92.68
Deferred Income		**160**	**14.86**	-	-	-	-	-	-
		65,767	**6,108.95**	88,730	8,977.89	**16,104**	**1,495.87**	32,748	3,313.51
Total liabilities other than provisions		**108,348**	**10,064.21**	113,089	11,442.58	**43,996**	**4,086.69**	41,922	4,241.76
Total equity and liabilities		**226,244**	**21,015.32**	231,654	23,439.24	**144,717**	**13,442.45**	143,045	14,473.60

Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

Exchange rate: as at 31 March 2016 is 1 DKK = Rs 10.1182 -

Statement of Changes in Equity for the period 1st April 2016 to 31st March 2017

Particulars	Notes	Consolidated					
		Share capital		Retained earnings		Total	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2016		75,000	6,966.59	26,123	2,426.51	101,123	9,393.10
Transfer see "Proposed profit / loss appropriation	19	-	-	(1,222)	(113.51)	(1,222)	(113.51)
Change in value adjustments of hedging instruments		-	-	667	61.96	667	61.96
Change in value adjustments of hedging instruments in investments		-	-	383	35.58	383	35.58
Tax on equity transactions		-	-	(230)	(21.36)	(230)	(21.36)
Equity at 31 March 2017		75,000	6,966.59	25,721	2,389.17	100,721	9,355.76

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 2016	75,000	6,966.59	-	-	26,123	2,426.51	101,123	9,393.10
Transfer see "Proposed profit / loss appropriation	-	-	-299	(27.77)	-923	(85.74)	-1,222	(113.51)
Change in value adjustments of hedging instruments	-	-	-	-	667	61.96	667	61.96
Change in value adjustments of hedging instruments in investments	-	-	383	35.58	-	-	383	35.58
Tax on equity transactions	-	-	-84	(7.80)	-146	(13.56)	-230	(21.36)
Equity at 31 March 2017	75,000	6,966.59	-	-	25,721	2,389.17	100,721	9,355.76

The share capital comprises 75.000.000 shares of DKK 1 each. All shares rank equally.

Cash Flow statement, consolidated

	2016/17		2015/16	
	DKK'000	Rs.Lacs	DKK'000	Rs.Lacs
Net profit for the year before tax	**605**	**56.20**	(2,651)	(268.23)
Depreciation for the year and gains from sales of fixed assets	**11,951**	**1,110.10**	12,387	1,253.34
Changes in equity before tax	**1,050**	**97.53**	1,224	123.85
Corporation tax paid, net	**78**	**7.25**	(3,267)	(330.56)
Cash flows from operations (operating activities) before changes in working capital	**13,684**	**1,271.08**	7,693	778.39
Change in inventories	**(1,406)**	**(130.60)**	2,595	262.57
Change in receivables	**(1,503)**	**(139.61)**	(8,647)	(874.92)
Change in provisions	**(2,313)**	**(214.85)**	(1,864)	(188.60)
Change in current liabilities	**17,618**	**1,636.50**	(6,665)	(674.38)
Cash flows from operating activities	**26,080**	**2,422.51**	(6,888)	(696.94)
Acquisition of intangible asset	**(1,738)**	**(161.44)**	-	-
Acquisition of property, plant and equipment, net	**(2,450)**	**(227.58)**	(3,062)	(309.82)
Cash flows from investing activities	**(4,188)**	**(389.01)**	(3,062)	(309.82)
Repayment of long-term debt	**(187)**	**(17.37)**	(20,291)	(2,053.09)
Cash flows from financing activities	**(187)**	**(17.37)**	(20,291)	(2,053.09)
Net cash flows for the year	**21,705**	**2,016.13**	(30,241)	(3,059.85)
Cash and cash equivalents at 1 April 2016	**(21,403)**	**(1,988.08)**	8,838	894.25
Cash and cash equivalents at 31 March 2017	**302**	**28.05**	(21,403)	(2,165.60)
Cash, cash equivalents and bank loans				
Cash at bank and in hand	**1,100**	**102.18**	1,567	158.55
Bank loans, current liabilities	**(798)**	**(74.12)**	(22,970)	(2,324.15)
Cash, cash equivalents and bank loans	**302**	**28.05**	(21,403)	(2,165.60)

Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

Exchange rate: as at 31 March 2016 is 1 DKK = Rs 10.1182 -

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2016/17 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.

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of 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

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

$$\text{Operating margin} \quad \frac{\text{Operating Profit x 100}}{\text{Revenue}}$$

$$\text{Equity ratio} \quad \frac{\text{Equity at the year end x 100}}{\text{Total equity and liabilities at the year end}}$$

$$\text{Return on equity} \quad \frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average Equity}}$$

		Consolidated		Parent company	
	DKK'000	2016/17	2015/16	2016/17	2015/16
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	287,126	236,435	0	0
	Outside Europe	5,066	25,023	0	0
		292,192	261,458	**0**	**0**
3	**Employee relations**				
	Wages and salaries	93,892	93,386	0	0
	Pensions	6,585	6,583	0	0
	Other social security costs	927	955	0	0
		101,404	100,924	**0**	**0**
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	204	214	0	0

THERMAX DENMARK APS

4 Fees paid to auditors appointed at the annual general meeting

Fee regarding statutory audit	302	347	19	21
Assurance engagements	381	40	46	8
Tax assistance	30	20	8	0
Other assistance	100	149	26	34
	813	**556**	**99**	**63**

5 Financial income

Interest income from group enterprises	0	0	0	17
Other financial income	1,650	1,516	49	0
	1,650	1,516	49	17

6 Financial expenses

Interest expense for group enterprises	0	0	454	55
Other interest expense	5,480	6,222	1,736	2,489
	5,480	6,222	2,190	2,544

7 Tax on the profit for the year

Current tax for the year	0	520	-314	-389
Deferred tax adjustment for the year	2,045	573	-34	0
Prior-year adjustments	12	-508	-13	0
	2,057	585	-361	-389

Specified as follows:

Tax on profit for the year	1,827	296	-508	-561
Tax on changes in equity	230	289	147	192
	2,057	585	-361	-369

8 Intangible assets
Consolidated

DKK'000	Development completed	Licences, software	Goodwill	Prepay-ments for intangible assets	Total
Cost at 1 April 2016	210	1,325	141,569	0	143,104
Additions	0	136	0	1,602	1,738
Cost at 31 March 2017	210	1,461	141,569	1,602	144,842
Impairment losses and amortisation at 1 April 2016	134	1,185	38,080	0	39,399
Amortisation	70	142	7,078	0	7,290
Impairment losses and amortisation at 31 March 2017	204	1,327	45,158	0	46,689
Carrying amount at 31 March 2017	6	134	96,411	1,602	98,153

9 Property, plant and equipment
Consolidated

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Plants and equipment under con-struction	Total
Cost at 1 April 2016	37,404	20,464	2,353	0	60,221
Additions	35	1,766	506	228	2,535
Disposals	0	-713	-531	0	-1,244
Cost at 31 March 2017	37,439	21,517	2,328	0	61,512
Impairment losses and depreciation at 1 April 2016	5,077	10,260	1,177	0	16,514
Depreciation and impairment losses	1,017	3,228	416	0	4,661
Disposals	0	-666	-493	0	-1,159
Impairment losses and depreciation at 31 March 2017	6,094	12,822	1,100	0	20,016
Carrying amount at 31 March 2017	31,345	8,695	1,228	228	41,496
Property, plant and equipment include finance leases with a carrying amount totalling	0	570	848	0	1,418

10 Investments
Parent

DKK'000	Investments in subsidiary
Cost at 1 April 2016	218,925
Additions	0
Cost at 31 March 2017	**218,925**
Value adjustments at 1 April 2016	-79,059
Profits for the year	7,493
Change in value adjustments of hedging instruments in investments	300
Depreciation, goodwill	-6,973
Value adjustments at 31 March 2017	-78,239
Carrying amount at 31 March 2017	**140,686**

Name	Registered	Voting rights and ownership	Share capital	Equity	Profit / loss before tax	Profit / loss after tax
Danstoker A/S	Herning, Denmark	100 %	10,001	32,544	6,290	4,261
Ejendomsanparts-selskabet Indu strivej Nord 13	Herning, Denmark	100 %	200	13,430	3,726	3,232
Boilerworks A/S	Tønder, Denmark	100 %	500	355	-2,770	-2,164
Boilerworks Proper-ties ApS	Herning, Denmark	100 %	80	4,646	1,900	1,482

		Consolidated		Parent company	
	DKK'000	2016/17	2015/16	2016/17	2015/16
11	**Deferred tax**				
	Deferred tax at 1 April 2016	9,773	9,707	0	0
	Deferred tax adjustment	2,046	66	-34	0
	Deferred tax at 31 March 2017	11,819	9,773	-34	0

Deferred tax relates to non-current assets and work in progress (advance on account).

	DKK'000	2016/17	2015/16
12	**Work in progress (customer-specific orders)**		
	Consolidated		
	Work in progress	**187,546**	119,537
	Payment on account	**-149,375**	-83,339
		38,171	**36,198**
	Recognised as follows:		
	Work in progress (customer specific orders) (assets)	**50,633**	37,276
	Prepayments received from customers (liabilities)	**-12,462**	-1,078
		38,171	**36,198**
13	**Prepayments**		
	Consolidated		
	Prepaid insurance premiums	**913**	652
	Other prepaid costs	**487**	809
		1,400	**1,461**
14	**Other provisions**		
	Consolidated		
	Other provisions at 1 April 2016	**7,669**	9,533
	Provision for the year, adjustment	**-2,313**	-1,864
	Other provisions at 31 March 2017	**5,356**	**7,669**

Other provisions consists of custom warranties, DKK 1,180 thousand (2015/16: DKK 1,213 thousand) and provision for guarantee obligations and other costs DKK 4,176 thousand (2015/16: DKK 6,456 thousand).

15. Non-current liabilities other than provisions

Consolidated

DKK'000	Total liabilities at 31/3 2017	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	14,668	916	13,752	10,087
Bank loans	28,142	250	27,892	0
Lease liabilities	1,237	300	937	0
Total liabilities	44,047	1,466	42,581	**0**

Parent company

DKK'000	Total liabilities at 31/3 2017	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	27,892	0	27,892	0
Total liabilities	27,892	0	27,892	0

16 Contractual obligations and contingencies, etc.
Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1,363 thousand, hereof DKK 579 thousand fall due 2017/18.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 10,159 thousand with a net position as of 31 March 2017 of totally DKK -2,175 thousand (2015/16: DKK -3,233 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 43,639 thousand and with a net position as of 31 March 2017 to DKK -38thousand (2015/16: DKK -31 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.

17 Mortgages and collateral
Consolidated

Land and buildings with a carrying amount of DKK 27,255 thousand out of a total carrying amount of land and buildings of DKK 31,345 thousand at 31 March 2017 have been provided as collateral for mortgages of DKK 14,668 thousand

.

The group has provided collateral in land and buildings, nom. DKK 26,000 thousand for all balances between bank and the group. At 31 March 2017 balances amounted to DKK 250 thousand (2015/16: DKK 625 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 6,925 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 54,003 thousand (2015/16: DKK 13,767 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 2017, the guarantee commitment amounted to DKK 2,174 thousand (2015/16: DKK 4,085 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

19 Proposed profit/loss

	Consolidated		Parent	
	2016/17	2015/16	2016/17	2015/16
Transferred to reserves under equity	-1,222	-2,947	-923	-2,638
Reserve for net revaluation under the equity method	0	0	-299	-309
	-1,222	**-2,947**	**-1,222**	**-2,947**

DANSTOKER A/S

Board of Directors

Hemant Prabhakar Mohgaonkar (Chairman)
Amitabha Mukhopadhyay (Vice Chairman)
Jan Enemark
Holger Michael Diechman Jepsen
Jorn Henriksen

Registered Office

Industivej Nord 13
DK - 7400 Herning
Denmark

Auditors

Emst & Yound
Godkendt Revisionspartnerselskab
Havnegade 33
DK 6700 Esbjerg

Executive Board

Jan Enemark
Kund Durr

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 2016 – 31 March 2017.

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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017.

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, 28 April 2017
Executive Board:

Jan Enemark	Knud Dürr

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark
Holger Michael D. Jepsen (Elected by the employees)	Jørn Henriksen (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 2016 – 31 March 2017, which comprise an 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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 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 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 conclusion is 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 our procedures, 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, 28 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Stagaard Jensen State Authorised Public Accountant	Birgitte Nygaard Jørgensen State Authorised Public Accountant

DANSTOKER A/S

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 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	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Gross profit	39	33	29	54	52
Ordinary operating profit/loss	9	4	-1	24	23
Profit/loss before tax	6	3	-58	20	20
Profit/loss for the year	4	3	-58	14	14
Total assets	90	90	89	159	138
Investment in property, plant and equipment	2	2	2	2	4
Equity	**33**	**28**	**25**	**94**	**80**
Financial ratios					
Equity ratio	36.0	31.6	28.4	59.3	58.0
Return on equity	10.1	11.5	-96.2	16.1	15.9
Average number of full-time employees	**122**	**136**	**144**	**152**	**145**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". 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.

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, but no orders for the Russian market were received during the last year, due to the crises in Ukraine.

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 result achieved is improved compared to last year, but not satisfactory.

Profit for the year before tax of DKK 6,290 thousand and after tax of DKK 4,261 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 at same level as last year and satisfactory.

The improved order fulfilment in Danstoker has resulted in significant improvements, and throughout the coming year, Danstoker will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Danstoker Group to create 2 profitable, strong and individually independent sales companies in Danstoker A/S and Boilerworks A/S, both 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 2017/18.

Financial statements 1 April 2016 - 31 March 2017

Income Statement

	Note	2016/17		2015/16	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit	2	**38,807**	**3,604.70**	32,828	3,321.61
Sales and distribution costs		**(15,560)**	**(1,445.33)**	(14,715)	(1,488.89)
Administrative expenses		**(14,250)**	**(1,323.65)**	(14,470)	(1,464.11)
Operating Profit / (Loss)		**8,997**	**835.71**	3,643	368.61
Profit / Loss on investments in subsidiaries	8	**(2,164)**	**(201.01)**	191	19.33
Financial income	3	**1,253**	**116.39**	1,103	111.60
Financial expenses	4	**(1,796)**	**(166.83)**	(1,776)	(179.70)
Profit / (Loss) before tax		**6,290**	**584.26**	3,161	319.84
Tax on profit for the year	5	**(2,029)**	**(188.47)**	(94)	(9.51)
Profit / (Loss) for the year		**4,261**	**395.80**	3,067	310.33

Exchange rate: as at 31 March 2017 is 1 DKK = Rs 9.2888

Exchange rate: as at 31 March 2016 is 1 DKK = Rs 10.1182

Balance Sheet

	Note	**2016/17**		**2015/16**	
		DKK'000	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**
ASSETS					
Non-current assets					
Intangible assets	6				
Licences, software		**60**	**5.57**	10	1.01
Prepayments for intangible assets		**1,602**	**148.81**	-	-
		1,662	**154.38**	10	1.01
Property, plant and equipment	7				
Plant and machinery		**5,636**	**523.52**	6,018	608.91
Fixtures and fittings, tools and equipment		**1,061**	**98.55**	1,113	112.62
Property, plant and equipment under construction		**228**	**21.18**	-	-
		6,925	**643.25**	7,131	721.53
Investments	8				
Investments in subsidiaries		**356**	**33.07**	2,531	256.09
		356	**33.07**	2,531	256.09
Total non-current assets		**8,943**	**830.70**	9,672	978.63
Current assets					
Inventories					
Raw materials and consumables		**11,524**	**1,070.44**	10,677	1,080.32
Semi-finished goods		**2,788**	**258.97**	2,676	270.76
		14,312	**1,329.41**	13,353	1,351.08
Receivables					
Trade receivables		**12,689**	**1,178.65**	19,738	1,997.13
Work in progress (customer-specific orders)	9	**37,219**	**3,457.19**	30,461	3,082.11
Amounts owed by group companies		**13,851**	**1,286.59**	12,661	1,281.07
Other receivables		**767**	**71.24**	920	93.09
Prepayments	10	**2,065**	**191.81**	2,120	214.51
		66,591	**6,185.49**	65,900	6,667.90
Cash at bank and in hand		**494**	**45.89**	623	63.04
Total current assets		**81,397**	**7,560.79**	79,876	8,082.02
TOTAL ASSETS		**90,340**	**8,391.49**	89,548	9,060.66

DANSTOKER A/S

Financial statements 1 April 2016 - 31 March 2017

Balance Sheet

		2016/17		2015/16	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES					
Equity					
Share capital		**10,001**	**928.97**	10,001	1,011.92
Retained earnings		**22,543**	**2,093.97**	18,289	1,850.52
Total equity		**32,544**	**3,022.94**	28,290	2,862.44
Provisions					
Deferred tax	11	**7,935**	**737.06**	5,349	541.22
Other provisions	12	**4,840**	**449.58**	7,192	727.70
Total provisions		**12,775**	**1,186.64**	12,541	1,268.92
Liabilities other than provisions					
Non-current liabilities	13				
Bank loans		**-**	**-**	125	12.65
Lease liabilities		**833**	**77.38**	620	62.73
		833	**77.38**	745	75.38
Current liabilities					
Current portion of non-current liabilities other than provisions	13	**525**	**48.77**	610	61.72
Bank loans		**798.00**	**74.12**	13,359.00	1,351.69
Prepayments received from customers	9	**1,105**	**102.64**	248	25.09
Trade payables		**14,296**	**1,327.92**	13,180	1,333.58
Amounts owed to group companies		**11,240**	**1,044.06**	3,467	350.80
Other payables		**16,224**	**1,507.01**	17,108	1,731.02
		44,188	**4,104.53**	47,972	4,853.91
Total liabilities other than provisions		**45,021**	**4,181.90**	48,717	4,929.29
TOTAL EQUITY AND LIABILITIES		**90,340**	**8,391.49**	**89,548**	**9,060.66**
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 2016 to 31 March 2017

The share capital consists of 1 share at a nominal amount of DKK’000 10,001.

Particulars	Note	**Share capital**		**Retained Earnings**		**Total**	
		DKK'000	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**
Equity at 1 April 2016		10,001	928.97	18,289	1,698.83	28,290	2,628
Retained profit for the year	17	-	-	4,261	395.80	4,261	396
Change in value adjustments of hedging instruments after Tax		-	-	4	0.37	4	-
Change in value adjustments of hedging instruments in investments after Tax		-	-	(11)	(1.02)	(11)	(1)
Equity at 31 March 2017		**10,001**	**928.97**	**22,543**	**2,093.97**	**32,544**	**3,022.94**

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for the period 1 April 2016 – 31 March 2017 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.

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of 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 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 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 Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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	**2016/17**	2015/16
3	**Financial income**		
	Interest income from group enterprises	**493**	124
	Other interest income, including foreign exchange gains, etc.	**760**	979
		1,253	1,103
4	**Financial expenses**		
	Interest expenses to group enterprises	**151**	100
	Other interest expenses, including foreign exchange losses, etc.	**1,645**	1,676
		1,796	1,776
5	**Tax on profit for the year**		
	Current tax for the year	**-579**	643
	Deferred tax adjustment for the year	**2,586**	-184
	Adjustments of deferred tax due to changes in the tax rate	**0**	-365
	Prior-year adjustments	**22**	0
		2,029	94

6 Intangible assets

DKK'000	Licences, software	Prepay-ments for intan-gible assets	Total
Cost at 1 April 2016	641	0	641
Additions	73	1,602	1,675
Cost at 31 March 2017	714	1,602	2,316
Impairment losses and amortisation at 1 April 2016	631	0	631
Amortisation	23	0	23
Impairment losses and amortisation at 31 March 2017	654	0	654
Carrying amount at 31 March 2017	60	1,602	1,662

7 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under con-struction	Total
Cost at 1 April 2016	25,869	3,997	0	29,866
Additions	1,110	373	228	1,711
Disposals	-713	-531	0	-1,244
Cost at 31 March 2017	26,266	3,839	228	30,333
Impairment losses and depreciation at 1 April 2016	19,851	2,884	0	22,735
Depreciation	1,445	386	0	1,831
Depreciation, assets sold	-666	-492	0	-1,158
Impairment losses and depreciation at 31 March 2017	20,630	2,778	0	23,408
Carrying amount 31 March 2017	5,636	1,061	228	6,925
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	570	719	0	1,289

8 Investments

DKK'000	Investments in subsidiaries
Cost at 1 April 2016	3,000
Cost at 31 March 2017	3,000
Value adjustments at 1 April 2016	-469
Net profit for the year	-2,164
Equity adjustment in investments	-11
Value adjustments at 31 March 2017	-2,644
Carrying amount at 31 March 2017	356

Name	Registered office	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	Tønder	100 %	500	356	-2,770	-2,164
				356	-2,770	-2,164

	DKK'000	2016/17	2015/16
9	**Work in progress (customer-specific orders)**		
	Work in progress	126,515	80,105
	Payments on account	-90,401	-49,892
	Carrying amount at 31 March 2017	36,114	30,213
	Recognised as follows:		
	Work in progress (customer specific orders) (assets)	37,219	30,461
	Prepayments received from customers (liabilities)	-1,105	-248
		36,114	30,213

10 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs

	DKK'000	2016/17	2015/16
11	**Deferred tax**		
	Deferred tax at 1 April 2016	5,349	5,898
	Deferred tax adjustment	2,586	-549
	Deferred tax at 31 March 2017	7,935	5,349

Deferred tax primarily relates to work in progress (advance on account).

12 Other provisions

Other provisions consists of customs warranties, DKK 664 thousand (2015/16: DKK 736 thousand) and provision for guarantee obligations and other costs DKK 4,176 thousand (2015/16: DKK 6,456 thousand).

13 Non-current liabilities other than provisions

DKK'000	Total liabilities at 1/4 2016	Total liabilities at 31/3 2017	Repayment next year	Long-term portion	Out-standing debt after 5 years
Bank loans	625	250	250	0	0
Lease liabilities	730	1,108	275	833	0
	1,355	1,358	525	833	0

14 Employee relations

DKK'000	2015/16	2016/17
Wages and salaries	57,899	58,764
Pensions	4,151	4,300
Other social security costs	741	779
	62,791	63,843
Remuneration of the Executive Board	2,786	2,692
Remuneration of the Board of Directors	60	60
Average number of full-time employees	122	136

15 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 years total DKK 1,219 thousand, hereof DKK 477 thousand fall due 2017/18.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 10,690 thousand, of this DKK 4,276 thousand concerns 2017/18.

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 6,925 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 16,879 thousand (2015/16: DKK 27,099 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 54,003 thousand (2015/16: DKK 13,767 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 2017, the guarantee commitment etc. amounted to DKK 2,174 thousand (2015/16: DKK 4,085 thousand).

The company has entered project-related forward exchange contracts concerning currency in SEK 942 thousand with a net position as of 31 March 2017 to DKK -2 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	2016/17	2015/16
Retained earnings	4,261	3,067
	4,261	3,067

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Executive Board	***Registered Office***	***Auditors***
Hemant Prabhakar Mohgaonkar	Industrivej Nord 13	Emst & Young
Amitabha Mukhopadhyay	DK-7400 Herning	Godkendt Revisionspartnerselskab
		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 2016 – 31 March 2017.

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 2017 and of the results of its operations for the financial year 1 April 2016 – 31 March 2017.

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, 28 April 2017
Executive Board:

Hemant Prabhakar Mohgaonkar   Amitabha Mukhopadhyay

Independent auditor's report

To the shareholder of Ejendomsanpartsselskabet Industrivej Nord 13

Opinion

We have audited the financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2016 – 31 March 2017, which comprise an 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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 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 de-tecting 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 proce-dures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- 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 state-ments or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 our procedures, 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, 28 April 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR-no. 30 70 02 28

Lars Stagaard Jensen	Birgitte Nygaard Jørgensen
State Authorised	State Authorised
Public Accountant	Public Accountant

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Management's review

Company details
Ejendomsanpartsselskabet Industrivej Nord 13
Industrivej Nord 13
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 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 3,232 thousand assatisfactory.

Future outlook

Satisfactory results are expected for the financial year 2017/18.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Financial Statements for the period 1 April 2016 – 31 March 2017

Income Statement

	Note	2016/17		2015/16	
		DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
Gross profit		**4,170**	**387.34**	4,136	418.49
Impairment losses and depreciation	5	**(891)**	**(82.76)**	(889)	(89.95)
Operating profit		**3,279**	**304.58**	3,247	328.54
Profit on investments in subsidiary	6	**1,482**	**137.66**	1,364	138.01
Financial income	3	**111**	**10.31**	83	8.40
Financial expenses		**(1,146)**	**(106.45)**	(1,231)	(124.56)
Profit before tax		**3,726**	**346.10**	3,463	350.39
Tax on profit for the year	4	**(494)**	**(45.89)**	(489)	(49.48)
Profit for the year		**3,232**	**300.21**	2,974	300.92
Proposed profit appropriation					
Reserve for net revaluation under the equity method		**1,482**	**137.66**	1,610	162.90
Retained earnings		**1,750**	**162.55**	1,364	138.01
		3,232	**300.21**	2,974	300.92

Statement of Changes in Equity for the period 1st April 2016 to 31st March 2017

	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 2016	200	18.58	3,182	295.57	2,144	199.15	4,366	405.55	9,892	918.85
Transfer, see "Proposed profit appropriation"	-	-	-	-	1,482	137.66	1,750	162.55	3,232	300.21
Revaluation of interest rate swap	-	-	-	-	-	-	392	36.41	392	36.41
Tax on changes in equity	-	-	-	-	-	-	(86)	(7.99)	(86)	(7.99)
	200	**18.58**	**3,182**	**295.57**	**3,626**	**336.81**	**6,422**	**596.53**	**13,430**	**1,247**

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888
Exchange rate : as at 31st Mar 16 is 1 DKK = Rs 10.1182

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Financial Statements for the period 1 April 2016 – 31 March 2017

Balance Sheet

	Note	2016/17		2015/16	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	5				
Land and buildings		**27,255**	**2,531.66**	28,111	2,844.33
Investments	6				
Investments in subsidiary		**4,626**	**429.70**	3,144	318.12
Total non-current assets		**31,881**	**2,961.36**	31,255	3,162.45
Current assets					
Receivables					
Amounts owed by group companies		**4,337**	**402.85**	1,744	176.46
Cash at bank and in hand		**23**	**2.14**	21	2.12
Total current assets		**4,360**	**404.99**	1,765	178.59
Total assets		**36,241**	**3,366.35**	33,020	3,341.03
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**18.58**	200	20.24
Reserve for revaluation of land and buildings		**3,182**	**295.57**	3,182	321.96
Reserve for net revaluation under the equity method		**3,626**	**336.81**	2,144	216.93
Retained earnings		**6,422**	**596.53**	4,366	441.76
Total equity		**13,430**	**1,247.48**	9,892	1,000.89
Provisions					
Deferred tax		**2,394**	**222.37**	2,330	235.75
Total provisions		**2,394**	**222.37**	2,330	235.75
Liabilities					
Non-current liabilities other than provisions	7				
Mortgage credit institutions		**13,752**	**1,277.39**	14,440	1,461.07
		13,752	**1,277.39**	14,440	1,461.07
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions	7	**916**	**85.09**	916	92.68
Amounts owed to group companies		**2,047**	**190.14**	1,531	154.91
Other payables		**2,473**	**229.71**	2,863	289.68
Deferred income		**1,229**	**114.16**	1,048	106.04
		6,665	**619.10**	6,358	643.32
Total liabilities		**20,417**	**1,896.49**	20,798	2,104.39
Total equity and liabilities		**36,241**	**3,366.35**	33,020	3,341.03

Accounting policies	1
Staff costs	2
Charges, collateral and contingencies, etc.	8
Related party - ownership	9

Financial statements for the period 1 April 2016 – 31 March 2017

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2016/17 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Consolidated financial statements have not been prepared as the same is not required as per section 110 of the Danish Financial Statements Act. Further, the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 and related subsidiary forms part of the consolidated financial statements of the Danish Parent Company, Thermax Denmark ApS.

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of 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.

2 **Staff costs**
The Company has no employees.

	DKK'000	2016/17	2015/16
3	**Financial expenses**		
	Interest income, group companies	111	83
	Total financial income	111	83

DKK'000	2016/17	2015/16

4 Tax on profit for the year

Joint taxation contribution for the year	431	425
Adjustment of deferred tax	63	64
	494	489

5 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2016	41,149
Additions	35
Disposals	0
Cost at 31 March 2017	41,184
Revaluations at 1 April 2016/ 31 March 2017	4,080
Impairment losses and depreciation at 1 April 2016	-17,118
Impairment losses and depreciation for the year	-891
Impairment losses and depreciation at 31 March 2017	-18,009
Carrying amount at 31 March 2017	27,255

6 Investments

DKK'000	2016/17
Cost at 1 April 2016	1,000
Additions	0
Cost at 31 March 2017	1,000
Value adjustments at 1 April 2016	2,144
Dividends paid	0
Net profit for the year	1,482
Value adjustments at 31 March 2017	3,626
Carrying amount at 31 March 2017	4,626

Name	Rights and ownership	Share capital	Equity	Profit after tax	Carrying amount
Group enterprises					
Boilerworks Properties ApS, Herning, Denmark	100 %	80	4,626	1,482	4,626

7 Non-current liabilities other than provisions

DKK'000	Total debt 1/4 2016	Total debt 31/3 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	15,356	14,668	916	13,752	10,087

8 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 27,255 thousand at 31 March 2017 have been provided as collateral for bank loans of DKK 14,668thousand.

The Company has provided guarantees and provided collateral in land and buildings, nom. DKK 26,000 thousand for all balances between bank and group-related company to their bank. At 31 March 2017 balances amounted to DKK 250 thousand. (2015/16: DKK 625 thousand).

The Company has provided guarantees for balances between bank and group related companies to their bank. At 31 March 2017 balances amounted to DKK 1,048 thousand (2015/16: DKK 13,351 thousand), forward exchange contracts concerning currencyin SEK 942 thousand amounted to a net position as of 31 March 2017 to DKK 2 thousand(2015/16: DKK thousand) and guarantees issued by credit institu-tions amounted to DKK 0 thousand(2015/16: DKK 149 thousand).

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 49,603 thousand. (2015/16: DKK 16,279 thousand).

The Company has entered an interest rate swap contract concerning loan amounting to DKK 10,159 thousand, with a net position as of 31 March 2017 of DKK -2,175 thousand. (2015/16: DKK -2,566thousand).

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.

9 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 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

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Board of Directors	***Registered Office***	***Auditors***
Mundt Holger - Managing Director	Bertha - von - suttner - str. 9	JFS Treuhand &
Jan Enemark	28207 Breman, Germany	Rivision Jendroschek Feindler Schokz
Abhay Shah	HRB 3148	Stefen Rauber
Rabindranath Pillai		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, 2016 to March 31, 2017. 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 Deutschland] (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, 2017

Kaiser

(Wirtschaftsprüfer)

(German Public Auditor)

Balance Sheet as at 31 March 2017

ASSETS

	2016-17		2015-16	
	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	**8,870.00**	**6.13**	10,231.50	7.71
2. Other equipment, factory and office equipment	**71,386.67**	**49.29**	96,870.55	73.02
3. Advance payments	**-**	**-**	-	-
	80,256.67	**55.42**	107,102.05	80.73
B. Current assets				
I. Stocks				
1. Finished goods and unfinished goods	**899,792.55**	**621.34**	955,847.00	720.51
2. Advance payments received for projects	**-**	**-**	(11,454.00)	(8.63)
	899,792.55	**621.34**	944,393.00	711.88
II. Debtors and other assets				
1. Trade debtors	**347,930.19**	**240.26**	379,745.45	286.25
2. Other assets	**21,766.06**	**15.03**	943.53	0.71
	369,696.25	**255.29**	380,688.98	286.96
III. Cash-in-hand, postal giro balances and bank balances	**15,875.78**	**10.96**	3,766.30	2.84
C. Prepaid expenses	**6,907.00**	**4.77**	4,083.00	3.08
	1,372,529.75	**947.78**	1,440,033.33	1,085.49

EQUITY AND LIABILITIES

	2016-17		2015-16	
	EUR	**Rs Lacs**	EUR	Rs Lacs
A. Equity				
I. Subscribed capital	**716,469.00**	**494.75**	716,469.00	540.07
II. Unappropriated profits brought forward	**7,233.51**	**4.99**	(120,265.61)	(90.66)
III. Net income / loss for the year	**(382,780.14)**	**(264.32)**	127,499.12	96.11
	340,922.37	**235.42**	723,702.51	545.52
B. Provisions				
Other provisions	**133,134.66**	**91.93**	154,316.08	116.32
C. Creditors				
1. Liabilities to banks	**546,396.68**	**377.31**	379,569.69	286.12
2. Trade creditors	**104,208.27**	**71.96**	100,025.17	75.40
3. Other creditors	**247,867.77**	**171.16**	82,421.38	62.13
	898,472.72	**620.43**	562,016.24	423.64
- of with taxes : EUR 54,384.83 (2015 : TEuro 25)				
	1,372,529.75	**947.78**	1,440,034.83	1,085.49

Exchange rate : as at 31st Mar 17 is 1 Euro = Rs 69.0534

Exchange rate : as at 31st Mar 16 is 1 Euro = Rs 75.3793

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Income Statement
for the financial year from April 1,2016 to March 31, 2017

	2016-17		2015-16	
	EUR	**Rs Lacs**	EUR	Rs Lacs
1. Turnover	**2,980,534.62**	**2,058.16**	3,732,087.94	2,813.22
2. Inventory changes finished and unfinished goods	**(56,054.45)**	**(38.71)**	(181,775.14)	(137.02)
3. Other operating income	**183,245.18**	**126.54**	227,643.37	171.60
	3,107,725.35	**2,145.99**	3,777,956.17	2,847.80
4. Cost of materials				
a) Cost of raw materials, consumables and goods for resale	**701,094.59**	**484.13**	760,943.35	573.59
b) Cost for purchased services	**116,037.68**	**80.13**	176,434.05	132.99
	817,132.27	**564.26**	937,377.40	706.59
5. Staff costs				
a) Wages and salaries	**1,864,788.48**	**1,287.70**	1,768,711.18	1,333.24
b) Social security, pension and other benefits	**320,857.52**	**221.56**	331,672.11	250.01
	2,185,646.00	**1,509.26**	2,100,383.29	1,583.25
6. Amortisation and depreciation of fixed intangible and tangible assets	**28,607.44**	**19.75**	33,068.85	24.93
7. Other operating charges	**442,666.05**	**305.68**	565,280.43	426.10
8. Other interest receivable and similar income	**-**	**-**	-	-
9. Interest payable and other similar charges	**16,453.73**	**11.36**	14,347.08	10.81
10. Profit on ordinary activities	**(382,780.14)**	**(264.32)**	127,499.12	96.11
11. Taxes on profit	**-**	**-**	-	-
12. Profit for the year	**(382,780.14)**	**(264.32)**	127,499.12	96.11

Notes to the Financial Statements
for the financial year 01.04.2016 – 31.03.2017

A. General Information on the annual financial statements

The annual financial statements as at 31 March 2017 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 risks and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for on 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.

Specification 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 31 employees were employed.

The annual accounts were produced before appropriation of net income.

Bremen, 12 April 2017

Fixed Asset Movement Schedule to March 31, 2017

	Book value April 1, 2016	Additions	Reclassifications	Disposals	Depreciation	Write-up	Book value March 31, 2017
	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	10,231.50	-	-	-	1,361.00	-	8,870.50
2. Other equipment, factory and office equipment	96,870.55	1,784.06	-	22.00	27,246.44	-	71,386.17
3. Advance payments	-	-	-	-	-	-	-
	1,07,102.05	1,784.06	-	22.00	28,607.44	-	80,256.67
	1,07,103.55	1,784.06	-	22.00	28,607.44	-	80,258.17

THERMAX SDN. BHD.

Board of Directors

Unnikrishnan Damodaran

Kaustubh Pathak

Registered Office

Suite 50-4-3A

4th Floor, Wisma UOA Damansara

50, Jalan Dungun

50490 Kuala Lumpur

Auditors

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

Citi Bank, Malaysia

Principal place of business

10-9-1, 9th Floor

Sri Bangsar Apartment

Lengkok Abdullah, Bangsar Utama

5900 Kuala Lumpur

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 2017.

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	**RM44,429**

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 made 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 who served since the date of last report and the date of this report are as follows:

Unnikrishnan Damodaran
Kaustubh Arun Pathak

Directors' Interests

None of the Directors in office at the end of the financial year had any interest in the ordinary shares of the Company during the financial year under review.

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 he is a member, or with a company in which he 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 8 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 8 to the financial statements.

Other Statutory Information

(a) 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) 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 allowance for doubtful debts inadequate to any substantial extent;
   (ii) the values attributed to the current assets in the financial statements misleading;
   (iii) any amount stated in the financial statements misleading; and
   (iv) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(c) No contingent or other liabilities of the Company have 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 as and when they fall due.

(d) 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 in respect of the Company which has arisen since the end of the financial year.

(e) In the opinion of the Directors:
  (i) the results of the operations of the Company during the financial year were not been 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 ultimate holding company is RDA Holdings Pvt. Ltd., a company incorporated in India.

Staff Information

The total number of staff of the Company (excluding Directors) at the end of the financial year was 2 (2016: 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 : 8 May 2017

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, UNNIKRISHNAN DAMODARAN and KAUSTUBH ARUN PATHAK, being 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 22 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 2017 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.

UNNIKRISHNAN DAMODARAN KAUSTUBH ARUN PATHAK
Puchong Selangor
Date : 8 May 2017

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 22 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 abov enamed KAUSTUBH ARUN PATHAK at Puchong Selangor on this dated 8 May 2017.

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 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the 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 so as to 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Companies Act, 2016 in Malaysia to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 2016 in Malaysia.

Other Matters

1. 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.

2. As stated in Note 2(a) to the financial statements, Thermax Sdn. Bhd. adopted Malaysian Private Entities Reporting Standard on 1 April 2016 with a transition date of 1 April 2015. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statement of financial position of the Company as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year ended 31 March 2016 and related disclosures. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 March 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2016 do not contain misstatements that materially affect the financial position as at 31 March 2017 and the financial performance and cash flows for the year then ended.

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
Date : 8 May 2017

Statement of Financial Position as at 31 March 2017

	Note	2017 RM	2017 Rs Lacs	2016 RM	2016 Rs Lacs
Non-Current assets					
Property, Plant and Equipment	**3**	**657**	**0.10**	284	0.05
Current Assets					
Other receivables	**4**	**20,771**	**3.04**	33,867	5.75
Amount owing by immediate Holding Company	**5**	**565,658**	**82.91**	434,942	73.88
Cash & Bank Balance		**127,444**	**18.68**	182,256	30.96
		713,873	**104.64**	651,065	110.60
Current Liabilities					
Other Payables	**6**	**51,209**	**7.51**	30,548	5.19
Tax Payable		**6,590**	**0.97**	8,499	1.44
		57,799	**8.47**	39,047	6.63
Net Current assets		**656,074**	**96.16**	612,018	103.96
		656,731	**96.26**	612,302	104.01
Financed By:					
Share Capital	**8**	**500,002**	**73.29**	500,002	84.94
Retained Profits		**156,729**	**22.97**	112,300	19.08
Shareholders' funds		**656,731**	**96.26**	612,302	104.01

Statement of Changes in Equity for the Financial Year Ended 31 March 2017

	Share Capital RM	Share Capital Rs Lacs	Retained Profits RM	Retained Profits Rs Lacs	Total RM	Total Rs Lacs
At 1 April 2015	500,002	73.29	56,685	8.31	556,687	81.60
Profit / Total comprehensive income for the year	-	-	55,615	8.15	55,615	8.15
At 31 March 2016	**500,002**	**73.29**	**112,300**	**16.46**	**612,302**	**89.75**
At 1 April 2016	500,002	73.29	112,300	16.46	612,302	89.75
Profit / Total comprehensive income for the year	-	-	44,429	6.51	44,429	6.51
At 31 March 2017	**500,002**	**73.29**	**156,729**	**22.97**	**656,731**	**96.26**

Statement of Comprehensive Income for the Financial Year Ended 31 March 2017

	Note	2017 RM	2017 Rs Lacs	2016 RM	2016 Rs Lacs
Revenue		-	-	-	-
Cost of Sales		-	-	-	-
Gross Profit		-	-	-	-
Other Operating income		**1,367,756**	**200.48**	1,047,762	177.99
Administrative Expenses		**(1,297,839)**	**(190.23)**	(967,046)	(164.27)
Profit Before Taxation	8	**69,917**	**10.25**	80,716	13.71
Taxation	9	**(25,488)**	**(3.74)**	(25,101)	(4.26)
Profit / Total comprehensive income for the financial year		**44,429**	**6.51**	55,615	9.45

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2017 is 1 RM = Rs 14.65
Exchange Rate : as at 31 March 2016 is 1 RM = Rs 16.98

Statement of Cash Flow for the Financial Year Ended 31 March 2017

	2017 RM	2017 Rs Lacs	2016 RM	2016 Rs Lacs
Cash flows from operating activities				
Profit before taxation	**69,917**	**10.25**	80,716	13.71
Adjustments for:-				
Depreciation of property, plant and equipment	**52**	**0.01**	35	0.01
Operating profit before working capital changes	**69,969**	**10.26**	80,751	13.72
Changes in working capital				
Other receivables	**13,096**	**1.92**	(2,264)	(0.38)
Amount owing by immediate holding company	**(130,716)**	**(19.16)**	(136,785)	(23.24)
Other Payables	**20,661**	**3.03**	16,298	2.77
Amount Owing to a Director	**-**	**-**	(1,385)	(0.24)
	(96,959)	**(14.21)**	(124,136)	(21.09)
Cash used in operations	**(26,990)**	**(3.96)**	(43,385)	(7.37)
Tax paid	**(27,397)**	**(4.02)**	(18,915)	(3.21)
Net cash used in operating activities	**(54,387)**	**(7.97)**	(62,300)	(10.58)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(425)**	**(0.06)**	-	-
	(425)	**(0.06)**	-	-
Net decrease in cash and cash equivalents	**(54,812)**	**(8.03)**	(62,300)	(10.58)
Cash and cash equivalents at the beginning of the financial year	**182,256**	**26.71**	244,556	41.54
Cash and cash equivalents at end of the financial year	**127,444**	**18.68**	182,256	30.96
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	**127,444**	**18.68**	182,256	30.96

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

THERMAX SDN. BHD.

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. Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Company have been prepared under the provisions of Malaysian Private Entity 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 financial statements of the company for the financial year ended 31 March 2017 represents the first set of financial statements prepared in accordance with MPERS and Section 35 “Transition to the Malaysian Private Entities Reporting Standard” has been applied. In addition, the Company have early adopted the 2015 amendments to MPERS which is effective for annual periods beginning on or after 1 January 2017. In previous financial years, the financial statements of the Company were prepared in accordance with Private Entity Reporting Standards.

The adoption of the MPERS and the 2015 amendments to MPERS do not have any impact on the financial statements of the Company other than presentation and disclosure requirements on the financial statements.

(b) 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(c) 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

<u>Gains and losses</u>

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.

<u>Impairment of financial assets</u>

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 andrewards of ownership.
Financial liabilities are derecognised 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 extinguisted or transferred to another party and the considerable paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) 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.

(e) Current and deferred tax

The 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 of it arises from initial recognition of an asset or liability in a transaction affects neither accounting nor taxable profit nor 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 1.4.2016	345
Additions during the year	425
At 31.3.2017	770
Accumulated depreciation	
At 1.4.2016	61
Charge for the financial year	52
At 31.3.2017	113
Carrying amount	
At 31.3.2017	657
At 31.3.2016	284
Depreciation charged for the financial year ended 31.3.2016	35

4. Other Receivables

	2017 RM	**2016 RM**
Other receivable	-	11,587
Deposit	20,771	22,280
	20,771	**33,867**

5. Amount Owing by Immediate Holding Company

This represents non-trade in nature, interest-free and are repayable on demand.

6. Other Payables

	2017 RM	**2016 RM**
Other payable	20,989	21,430
Accruals	30,220	9,118
	51,209	30,548

7. Share Capital

	Number of ordinary shares		**Amount**	
	2017 Units	**2016 Units**	**2017 RM**	**2016 RM**
Issued and fully paid				
At 1 April/31 March	500,002	500,002	500,002	500,002

8. Profit before Taxation

Profit before taxation is derived after charging:

	2017 RM	**2016 RM**
Auditors' remuneration:	-	-
- Current year	5,500	5,100
- Under provision in prior year	400	-
Directors' remuneration	236,658	154,341
Depreciation of property, plant and equipment	52	35
Impairment loss on deposit	12,600	-
Rental:		
- Office	43,800	75,600
- Other	520	1,823

9. Taxation

	2017 RM	**2016 RM**
Income tax:		
- Current year	18,355	20,138
- Under provision in prior years	7,133	4,963
	25,488	25,101

Income tax is calculated at the statutory rate of 24% (2016: 25%) 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:

	2017 RM	2016 RM
Profit before taxation	69,917	80,716
Taxation on statutory tax rate of 24% (2016: 25%)	16,780	20,179
Effect of different tax rate for chargeable income up to RM500,000	-	**(5,034)**
Expenses not deductible for tax purposes	1,575	4,993
Under provision of taxation in prior years	7,133	4,963
Taxation for the financial year	25,488	25,101

10. Staff Information

	2017 RM	2016 RM
Staff costs (excluding Directors)	**589,775**	**440,656**

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM3,876 (2016: RM3,615).

11. Related Party Transactions

The Company had the following transactions with related party during the financial year:

	2017 RM	2016 RM
Administration fee charged to immediate holding company	1,367,756	1,047,762

12. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

	2017		2016	
	Amortised cost RM	Total RM	Amortised cost RM	Total RM
Financial assets				
Other receivables	20,771	20,771	33,867	33,867
Amount owing by immediate holding company	565,658	565,658	434,942	434,942
Cash and bank balances	127,444	127,444	182,256	182,256
	713,873	713,873	651,065	651,065
Financial liability				
Other payables	20,989	20,989	21,430	21,430

13. Date of Authorisation for Issue

The financial statements of the Company for the financial year 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2017.

BOILERWORKS A/S

Board of Directors

Hemant Prabhakar Mahagaonkar
(Chairman)

Amitabha Mukhopadhyay
(Vice Chairman)

Registered Office

Papegøjevej 7

DK - 6270

Tønder

Auditors

Emst & Yound

Godkendt Revisionspartnerselskab

Havnegade 33

DK 6700 Esbjerg

Executive Board

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 2016 – 31 March 2017

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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017.

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, 28 April 2017

Executive Board:

Jan Enemark

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark

Independent auditor's report

To the shareholder of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2016 – 31 March 2017, which comprise an 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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 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.

Independent auditor's report

- 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 conclusion is 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 our procedures, 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, 28 April 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Stagaard Jensen	Birgitte Nygaard Jørgensen
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details
Boilerworks A/S
Papegøjevej 7
DK 6270 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	**2016/17**	**2015/16**	**2014/15**	**2013/14**
Key figures				
Gross profit	**8,800**	**11,773**	7,893	11,542
Ordinary operating profit/loss	**-2,619**	**429**	-2,871	2,678
Profit/loss before tax	**-2,770**	**66**	-3,231	2,261
Profit/loss for the year	**-2,164**	**191**	**-2,376**	**1,731**
Total assets	**27,428**	**26,566**	23,279	28,401
Investment in property, plant and equipment	**789**	**660**	218	7,962
Equity	**355**	**2,531**	**2,311**	**4,731**
Financial ratios				
Equity ratio	**1.3**	**9.5**	9.9	16.7
Return on equity	**-149.9**	**7.9**	-67.5	0.4
Average number of full-time employees	**82**	**78**	**70**	**67**

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". 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 the loss is mainly caused by major overruns in 3 projects.

The loss for the year before tax is DKK 2,770 thousand and after tax DKK -2,164 thousand.

Future outlook

Boilerworks' total volume of orders at the end of the financial year is improved and 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 CO2 will contribute in the long term to making our CO2-neutral products within biofuels even more relevant and will contribute to securing Boilerworks' continued positive development.

Satisfactory results are expected for the financial year 2017/18.

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.

BOILERWORKS A/S

Financial statements 1 April 2016 - 31 March 2017

Balance Sheet at 31 March 2017

	Note	2016/17		2015/16	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	5				
Goodwill		**1,699**	**157.82**	1,804	182.53
Patents and licences		**74**	**6.87**	130	13.15
Development completed		**6**	**0.56**	76	7.69
		1,779	**165.25**	2,010	203.38
Property, plant and equipment	6				
Plant and machinery		**3,059**	**284.14**	4,186	423.55
Fixtures and fittings, tools and equipment		**167**	**15.51**	63	6.37
		3,226	**299.66**	4,249	429.92
Total non-current assets		**5,005**	**464.90**	6,259	633.30
Current assets					
Inventories					
Raw materials and consumables		**2,221**	**206.30**	1,915	193.76
Semi Finished Goods		**224**	**20.81**	83	8.40
		2,445	**227.11**	1,998	202.16
Receivables					
Trade receivables		**2,129**	**197.76**	7,748	783.96
Work in progress (customer-specific orders)	7	**13,414**	**1,246.00**	6,815	689.56
Amounts owed by group enterprises		**2,582**	**239.84**	2,886	292.01
Other receivables		**1,095**	**101.71**	12	1.21
Prepayments	8	**404**	**37.53**	389	39.36
		19,624	**1,822.83**	17,850	1,806.10
Cash at bank and in hand		**354**	**32.88**	459	46.44
Total current assets		**22,423**	**2,082.82**	20,307	2,054.71
Total assets		**27,428**	**2,547.73**	26,566	2,688.00
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**46.44**	500	50.59
Contributed premium		**2,500**	**232.22**	2,500	252.96
Retained earnings		**(2,645)**	**(245.69)**	(469)	(47.45)
Total equity		**355**	**32.98**	2,531	256.09
Provisions					
Deferred tax	9	**1,518**	**141.00**	2,093	211.77
Other provisions	10	**516**	**47.93**	477	48.26
Total provisions		**2,034**	**188.93**	2,570	260.04
Liabilities					
Non-current liabilities other than provisions					
Lease liabilities	11	**104**	**9.66**	-	-
Current liabilities					
Current portion of non-current liabilities other than provisions	11	**25**	**2.32**	-	-
Bank loans		-	-	9,611.00	972.46
Trade payables		**5,945**	**552.22**	2,683	271.47
Amounts owed to group enterprises		**476**	**44.21**	2,439	246.78
Prepayments received from customers	7	**11,357**	**1,054.93**	830	83.98
Other payables		**7,132**	**662.48**	5,902	597.18
		24,935	**2,316.16**	21,465	2,171.87
Total equity and liabilities		**27,428**	**2,547.73**	26,566	2,688.00

Income Statement for the period 1 April 2016 - 31 March 2017

	Note	2016/17		2015/16	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit	2	**8,800**	**817.41**	11,773	1,191.22
Sales and distribution costs		**(924)**	**(85.83)**	(1,142)	(115.55)
Administrative expenses		**(10,495)**	**(974.86)**	(10,202)	(1,032.26)
Operating (Loss)/ Profit		**(2,619)**	**(243.27)**	429	43.41
Financial income		**841**	**78.12**	537	54.33
Financial expenses	3	**(992)**	**(92.14)**	(900)	(91.06)
Profit / (Loss) before tax		**(2,770)**	**(257.30)**	66	6.68
Tax on profit / (loss) for the year	4	**606**	**56.29**	125	12.65
Profit / (Loss) for the year		**(2,164)**	**(201.01)**	191	19.33
Proposed profit appropriation					
Proposed dividends		-	-	-	-
Retained earnings		**(2,164)**	**(201.01)**	191	19.33
		(2,164)	**(201.01)**	191	19.33

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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 2016		500	46.44	2,500	232.22	(469)	(43.56)	2,531	235.10
Transfer see "Proposed profit / loss appropriation"	15	-	-	-	-	(2,164)	(201.01)	(2,164)	(201.01)
Change in value of hedging instruments		-	-	-	-	(15)	(1.39)	(15)	(1.39)
Tax on changes in equity		-	-	-	-	3	0.28	3	0.28
Equity at 31 March 2017		**500**	**46.44**	**2,500**	**232.22**	**(2,645)**	**(245.69)**	**355**	**32.98**

The contributed capital consists of 1 share at a nominal value of DKK 500,000

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888
Exchange rate : as at 31st Mar 16 is 1 DKK = Rs 10.1182

Financial Statement 1 April 2016 - 31 March 2017
Notes to the financial statements

1 Accounting policie

The annual report of Boilerworks A/S for the period 1 April 2016 – 31 March 2017 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.

Effective 1 April2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of 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 reducetheir 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 theyear 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 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 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 Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

$$\text{Equity ratio} \quad \frac{\text{Equity at year end x 100}}{\text{Total Equity and Liabilities at year end}}$$

$$\text{Return on equity} \quad \frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average Equity}}$$

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	2016/17	2015/16

3 Financial expenses

DKK'000	2016/17	2015/16
Interest expense to group enterprises	-39	-75
Other interest expenses, including foreign exchange losses, etc.	-953	-825
	-992	-900

4 Tax on profit for the year

Specified as follows:		
Current tax for the year	-31	-681
Deferred tax adjustment for the year	-575	699
Adjustment of deferred tax due to changes in the tax rate	0	-143
	-606	-125

5 Intangible assets

DKK'000	Develop-ment completed	Patents and licences	Goodwill	Total
Cost at 1 April 2016	210	955	2,116	3,281
Additions during the year	0	64	0	64
Cost at 31 March 2017	210	1,019	2,116	3,345
Impairment losses and depreciation at 1 April 2016	134	825	312	1,271
Depreciation	70	119	106	295
Impairment losses and depreciation at 31 March 2017	204	944	418	1,566
Carrying amount at 31 March 2017	6	74	1,699	1,779

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 2016	8,372	411	8,783
Additions during the year	656	133	789
Disposals during the year	0	0	0
Cost at 31 March 2017	9,028	544	9,572
Impairment losses and depreciation at 1 April 2016	4,186	348	4,534
Depreciation	1,783	30	1,813
Depreciation, disposals	0	0	0
Impairment losses and depreciation at 31 March 2017	5,969	378	6,347
Carrying amount at 31 March 2017	3,059	167	3,226
Property, plant and equipment include finance leases with a carrying amount totalling	0	129	129

7. Work in progress (customer specific orders)

Work in progress	61,031	39,432
Payments on account	-58,974	-33,447
	2,057	5,985
Recognised as follows:		
Work in progress (customer specific orders) (assets)	13,414	6,815
Prepayments received from customers (liabilities)	-11,357	-830
	2,057	5,985

8 Prepayments
Prepayments comprise prepaid insurance premium, and other prepaid costs.

9 Deferred tax

Deferred tax at 1 April	2,093	1,537
Deferred tax adjustment	-575	556
Deferred tax at 31 March	1,518	2,093

10 Other provisions
Other provisions consists of custom warranties.

11 Non-current liabilities

DKK’000	Total liabilities at 31/03/2017	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Lease liabilities	129	25	104	0
	129	25	104	0

12 Employee relations

	2016/17	2015/16
Wages and salaries	35,933	34,622
Pensions	2,434	2,283
Other social security costs	186	176
	38,553	37,081
Remuneration of the Executive Board and the Board of Directors	0	0
Average number of full-time employees	82	78

13 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 17 months total DKK 144 thousand, hereof DKK 102 thousand is falling due in 2017/18.

Performance bonds and advance payment guarantees issued by guarantors’ amount to DKK 29,441 thousand.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 5,100 thousand, of this DKK 2,040 thousand concerns 2017/18.

The Company has entered project-related forward exchange contracts, concerning currency in SEK 42,697 thousand with a net position as of 31 March 2017 of DKK -36 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	2016/17	2015/16
Transferred to reserves under equity	-2,164	191

BOILERWORKS PROPERTIES ApS

Executive Board	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar	Boilerworks Properties ApS	Ernst & Young
Amitabha Mukhopadhyay	Industrivej Nord 13	Godkendt Revisionspartnerselskb
	DK - 7400 Herning	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 2016 – 31 March 2017.

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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017.

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, 28 April 2017

Executive Board:

Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay

Independent auditor's report

To the shareholder of Boilerworks Properties ApS

Opinion

We have audited the financial statements of Boilerworks Properties ApS for the financial year 1 April 2016 – 31 March 2017, which comprise an 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 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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.

BOILERWORKS PROPERTIES ApS

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 de-tecting 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.

Independent auditor's report

- 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 conclusion is 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 our procedures, 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, 28 April 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Stagaard Jensen	**Birgitte Nygaard Jørgensen**
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

Name	Boilerworks Properties ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	3522 6761
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 1,482 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2017/18.

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 1 April 2016 - 31 March 2017

Income Statement
for the period 1 April 2016 to 31 March 2017

		2016/17		2015/16	
	Note	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**1,986**	**184.48**	1,902	192.45
Impairment losses and depreciation	6	**(126)**	**(12.75)**	(125)	(12.65)
Operating profit		**1,860**	**171.73**	1,777	179.80
Financial income	3	**40**	**3.72**	9	0.91
Financial expenses	4	**-**	**-**	(3)	(0.30)
Profit before tax		**1,900**	**175.44**	1,783	180.41
Tax on profit for the year	5	**(418)**	**(38.83)**	(419)	(42.40)
Profit for the year		**1,482**	**136.61**	1,364	138.01
Proposed profit appropriation					
Retained earnings		**1,482**	**137.66**	1,364	138.01
		1,482	**137.66**	1,364	138.01

Balance Sheet at 31 March 2017

	Note	2016/17		2015/16	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	6				
Land and buildings		**4,090**	**379.91**	4,216	426.58
Total non-current assets		**4,090**	**379.91**	4,216	426.58
Current assets					
Receivables					
Amount owed by group companies		**2,419**	**224.70**	155	15.68
		2,419	**224.70**	155	15.68
Cash at bank and in hand		**23**	**2.14**	237	23.98
Total current assets		**2,442**	**226.83**	392	39.66
Total assets		**6,532**	**606.74**	4,608	466.25
EQUITY AND LIABILITIES					
Equity					
Share capital		**80**	**7.43**	80	8.09
Contributed premium		**920**	**85.46**	920	93.09
Retained earnings		**3,626**	**336.81**	2,144	216.93
Total equity		**4,626**	**429.70**	3,144	318.12
Liabilities					
Current liabilities other than provisions					
Amounts owed to group companies		**1,744**	**162.00**	1,332	134.77
Other payables		**156**	**14.49**	131	13.25
		1,900	**176.49**	1,463	148.03
Provisions					
Provisions for deferred tax		**6**	**0.56**	1	0.10
Total Provisions		**6**	**0.56**	1	0.10
Total liabilities		**1,906**	**177.04**	1,464	148.13
Total equity and liabilities		**6,532**	**606.74**	4,608	466.25

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 2016	80	7.43	920	85.46	2,144	199.15	3,144	292.04
Transfer, see "Proposed profit appropriation"	-	-	-	-	1,482	137.66	1,482	137.66
Equity at 31 March 2017	80	7.43	920	85.46	3,626	336.81	4,626	429.70

Exchange rate : as at 31st Mar 17 is 1 DKK = Rs 9.2888

Exchange rate : as at 31st Mar 16 is 1 DKK = Rs 10.1182

Financial statements for the year 1 April 2016 – 31 March 2017

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks Properties ApS for 2016/17has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in relation to yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above changes have no effects on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of 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.

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 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 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.

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 straightline 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 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.

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 depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Writedown 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.

BOILERWORKS PROPERTIES ApS

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.

2 **Staff costs**

The Company has no employees.

	DKK'000	2016/17	2015/16
3	**Financial income**		
	Interest income, group companies	40	9
	Total financial income	40	9
4	**Financial expenses**		
	Interest expense, group companies	0	3
	Total financial expenses	0	3

5	**Tax on profit for the year**		
	Joint taxation contribution for the year	413	425
	Adjustment of deferred tax assets	5	-6
		418	419

6 **Property, plant and equipment**

DKK'000	**Land and buildings**
Cost at 1 April 2016	4,623
Additions	0
Disposals	0
Cost at 31 March 2017	4,623
Impairment losses and depreciation at 1 April 2016	-407
Impairment losses and depreciation for the year	-126
Impairment losses and depreciation at 31 March 2017	-533
Carrying amount at 31 March 2017	4,090

7 **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.

8 **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	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 2017

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2017.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 18 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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 (appointed on 27 April 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period 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.

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 Director	Hemant Mohgaonkar Director

Date : 24 May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF THERMAX ENGINEERING SINGAPORE PTE LTD

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 2017 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 balance sheet as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- 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 ("ACRA") 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 included in pages 1 to 2 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 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 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,

Date : 24 May 2017

Statement of Comprehensive Income for the financial year ended 31 March 2017

	Notes	For the financial year ended 31 March 2017		For the financial year ended 31 March 2016	
		USD	**Rs Lacs**	USD	Rs Lacs
Other Income	3	**-**	**-**	103,970	68.88
Currency exchange (loss)/gain - net		**(623)**	**(0.40)**	(148)	(0.10)
		(623)	**(0.40)**	103,822	68.78
EXPENSES					
- Professional and Legal Fees		**13,841**	**8.98**	14,941	9.90
- Bank charges		**3,791**	**2.46**	1,995	1.32
- Others		**2,607**	**1.69**	2,581	1.71
Total Expenses		**20,239**	**13.12**	19,517	12.93
(Loss) / Profit before tax		**(20,862)**	**(13.53)**	84,305	55.85
Income tax expense	4	**20,794**	**13.48**	-	-
(Loss) / Profit after tax and total comprehensive (Loss) / Profit		**(41,656)**	**(27.01)**	84,305	55.85

Exchange Rate : as at 31 March 2017 is 1 USD = Rs 64.85
Exchange Rate : as at 31 March 2016 is 1 USD = Rs 66.25

Balance Sheet as at 31 March 2017

	Notes	**2017**		2016	
		USD	**Rs Lacs**	USD	Rs Lacs
ASSETS					
Current assets					
Cash & cash equivalents	5	**899,888**	**583.53**	2,911,510	1,928.88
Other Receivable	6	**-**	**-**	103,970	
Other current assets	7	**4,580**	**2.97**	4,629	3.07
		904,468	**586.50**	3,020,109	1,931.94
Non-current assets					
Investments in a subsidiaries	8	**15,923,008**	**10,325.27**	7,849,837	5,200.52
Total assets		**16,827,476**	**10,911.78**	10,869,946	7,132.46
LIABILITIES					
Current liabilities					
Other payables	9	**10,024**	**6.50**	10,838	7.18
Total liabilities		**10,024**	**6.50**	10,838	7.18
Net assets		**16,817,452**	**10,905.28**	10,859,108	7,125.28
Equity					
Share capital	10	**16,800,000**	**10,893.96**	10,800,000	7,155.00
Retained earnings		**17,452**	**11.32**	59,108	39.16
Total Equity		**16,817,452**	**10,905.28**	10,859,108	7,194.16

THERMAX ENGINEERING SINGAPORE PTE LTD

Statement of changes in Equity for the financial year ended 31 March 2017

	Share Capital		Retained earnings		Total Equity	
2017	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Beginning of financial year	10,800,000	7,003.26	59,108	38.33	10,859,108	7,041.59
Shares issued during the year	6,000,000	3,890.70	-	-	6,000,000	3,890.70
Total comprehensive loss	-	-	(41,656)	(27.01)	(41,656)	(27.01)
End of financial year	**16,800,000**	**10,893.96**	**17,452**	**11.32**	**16,817,452**	**10,905.28**
2016						
Beginning of financial year	1,100,001	713.30	(25,197)	(16.34)	1,074,804	696.96
Shares issued during the year	9,699,999	6,289.96	-	-	9,699,999	6,289.96
Total comprehensive income	-	-	84,305	54.67	84,305	54.67
End of financial year	**10,800,000**	**7,003.26**	**59,108**	**38.33**	**10,859,108**	**7,041.59**

Statement of Cash Flows for the financial year ended 31 March 2017

PARTICULARS	Notes	**For the financial year ended 31 March 2017**		For the financial year ended 31 March 2016	
		USD	**Rs Lacs**	USD	Rs Lacs
Cash flow from operating activities					
(Loss) / Profit after tax		**(41,656)**	**(27.01)**	84,305	55.85
Adjustments for:					
- Income Tax Expenses		**20,794**	**13.48**	-	-
		(20,862)	**(13.53)**	84,305	55.85
Changes in working capital:					
- Other Current assets		**104,019**	**67.45**	(104,951)	(69.53)
- Other Payables		**(814)**	**(0.53)**	1,748	1.16
Cash generated from / (used in) operations		**82,343**	**53.40**	(18,898)	(12.52)
Income Tax Paid		**(20,794)**	**(13.48)**	-	-
Net cash provided by / (used in) Operating Activities		**61,549**	**39.91**	(18,898)	(12.52)
Cash flows from investing activities					
Investment in subsidiaries		**(8,073,171)**	**(5,235.05)**	(7,112,867)	(4,712.27)
Net cash used in investing activities		**(8,073,171)**	**(5,235)**	(7,112,867)	(4,712)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		**6,000,000**	**3,890.70**	9,699,999	6,426.25
Net cash provided by financing activities		**6,000,000**	**3,890.70**	9,699,999	6,426.25
Net (decrease) / increase in cash and cash equivalents		**(2,011,622)**	**(1,304.44)**	2,568,234	1,701.46
Cash and cash equivalents at beginning of financials year	5	**2,911,510**	**1,887.97**	343,276	227.42
Cash and cash equivalents at end of financial year	5	**899,888**	**583.53**	2,911,510	1,928.88

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

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 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 2016

On 1 April 2016, 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 Revenue recognition

Interest income is recognised using the effective interest method.

2.3 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 disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.4 Loan and receivables

Bank balances

Other receivables

Bank balances 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 period 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 State 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. Other income

	2017	2016
	US$	US$
Interest income from subsidiary	**-**	103,970

4. Income tax

	2017	2016
	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:

	2017	2016
	US$	US$
(Loss)/profit before tax	**(41,656)**	84,305
Tax calculated at a tax rate of 17% (2016: 17%)	**(7,082)**	14,332
Effects of:		
- Statutory stepped income exemption	**-**	(7,474)
- Tax incentive	**-**	(3,429)
- Deferred tax asset not recognised	**7,082**	-
- Others	**-**	(3,429)
- Foreign withholding taxes	**20,794**	-
Tax charge	**20,794**	-

5. Cash and cash equivalents

	2017	2016
	US$	US$
Cash at bank	**899,888**	2,911,510

6. Other receivable

	2017	2016
	US$	US$
Due from subsidiary - non-trade	**-**	103,970

The non-trade amount due from subsidiary in prior year was unsecured, interest payable at 2.25% per annum, and repayable on demand.

7. Other current assets

	2017	2016
	US$	US$
Deposits	**3,580**	3,709
Prepayments	**-**	920
Others	**1,000**	-
	4,580	4,629

8. Investment in subsidiaries

	2017	2016
	US$	US$
Equity investments at cost		
Beginning of financial year	**7,849,837**	736,970
Additions	**8,073,171**	7,112,867
End of financial year	**15,923,008**	7,849,837

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activity	Country of business incorporation	Equity holding	
			2107	2016
			%	%
PT Thermax International Indonesia	Manufacture of component parts	Indonesia	**99.995**	99.90
Thermax Energy & Environment Philippines Corporation	Marketing and sales of component parts	Philippines	**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.

9. Other payables

	2017	2016
	US$	US$
Accrual for operating expenses	**10,024**	10,838

10. Share capital

	No. of ordinary shares, with no par value	Amount US$
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
2016		
Balance at 1 April 2015	**1,100,001**	1,100,001
Issuance of ordinary shares	**9,699,999**	9,699,999
Balance at 31 March 2016	**10,800,000**	10,800,000

During the financial year, the Company issued 6,000,000 (2016: 9,699,999) ordinary shares for a total consideration of US$6,000,000 (2016: US$9,699,999). The newly issued shares rank pari passu in all respects with the previously issued shares.

11. 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 bank balance.

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.

	2017	2016
	US$	US$
Net debt	-	-
Total equity	**16,817,452**	10,859,108
	16,817,452	10,859,108

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.

12. Related party transactions

Balances with related parties at balance sheet date are set up in Note 6.

There is no compensation made to directors of the Company as the directors have employment relationship only with related cooperations and received no compensation from the company during the financial year.

13. 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.

14. Events occurring after balance sheet date

On 19 April 2017, there was an additional capital injection of US$1,000,000 by the immediate holding corporation.

15. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2017. 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.

16. 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 24 May 2017.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner

Amitabha Mukhopadhyay
Commissioner

Board of Directors

Jawahar Harinarayanan
President Director
Hemant Mohgaonkar
Director

Registered Office

Menara Palma 9th Floor Unit 9-02B/03,
Jl. H.R. Rasuna Said Blok. X Kav. 6,
South Jakarta 12950.

Auditors

KAP Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl H.R. Rasuna Said Kav. X-7 No.6
Jakarta 12940- Indonesia

Bankers

Citi Bank,NA.
PT- Mandiri Bank

DIRECTORS' STATEMENT REGARDING RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017 PT THERMAX INTERNATIONAL INDONESIA

In accordance with a resolution of the Board of Directors of PT Thermax International Indonesia (the "Company") in the opinion of the Directors:

We are responsible for the preparation and presentation of the financial statements of the Company.

The financial statements of the Company have been prepared and presented in accordance with Indonesian Financial Accounting Standards.

(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.

We are responsible for the Company internal control system.

Thus, this statement is made truthfully.

For and on behalf of the Board of Directors

President Director : Jawahar Harinarayanan

Director : Hemant Mohgaonkar

10 May 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PT THERMAX INTERNATIONAL INDONESIA

We have audited the accompanying financial statements of PT Thermax International Indonesia, which comprises of the statement of financial position as at 31 March 2017 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 depends 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 accompanying financial statements present fairly, in all material respects, the financial position of PT Thermax International Indonesia as at 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

JAKARTA,
10 May 2017

Yanto, S.E., Ak., M.Ak., CPA
License of Public Accountant No. AP.0241

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

		2017		2016	
	Notes	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
CURRENT ASSETS					
Cash and cash equivalents	4	**35,385,275**	**1,722.24**	5,265,262	263.26
Advances and prepayments		**1,302,920**	**63.41**	1,550,829	77.54
Inventory		**588,563**	**28.65**	-	-
Prepaid Taxes	8a	**5,496,436**	**267.52**	-	-
Other receivables		**763**	**0.04**	-	-
Total current assets		**42,773,957**	**2,081.85**	6,816,091	340.80
NON-CURRENT ASSETS					
Prepaid tax	8a	**7,534,299**	**366.70**	7,672,491	383.62
Advances and prepayments		**1,015,185**	**49.41**	191,316	9.57
Intangible asset		**16,799**	**0.82**	15,585	0.78
Fixed assets	5	**144,243,773**	**7,020.49**	84,163,702	4,208.19
Total non-current assets		**152,810,056**	**7,437.42**	92,043,094	4,602.16
TOTAL ASSETS		**195,584,013**	**9,519.27**	98,859,185	4,942.96
CURRENT LIABILITIES					
Trade payables	6	**6,347,640**	**308.94**	1,491,933	74.60
Other taxes payable	8b	**126,268**	**6.15**	338,146	16.91
Accrued expenses and other payables	7	**6,334,225**	**308.29**	1,787,535	89.37
Other current liabilities		**-**	**-**	420,553	21.03
Total current liabilities		**12,808,133**	**623.38**	4,038,167	201.91
NON-CURRENT LIABILITIES					
Long term employee benefit liabilities		**219,058**	**10.66**	464,689	23.23
Total non-current liabilities		**219,058**	**10.66**	464,689	23.23
TOTAL LIABILITIES		**13,027,191**	**634.05**	4,502,856	225.14
EQUITY					
Share capital					
Authorised: 210,000 shares with par value of Rp1,000,000					
Issued and fully paid up-210,000 shares, with par value of					
Rp 1,000,000 per share	9	**210,000,000**	**10,220.91**	10,000,000	500.00
Advances for shares subscription	10		-	96,220,000	4,811.00
Accumulated losses		**(27,443,178)**	**(1,335.69)**	(11,863,671)	(593.18)
Total equity		**182,556,822**	**8,885.22**	94,356,329	4,717.82
TOTAL LIABILITIES AND EQUITY		**195,584,013**	**9,519.27**	98,859,185	4,942.96

Exchange Rate: as at 31 March 2017 is 1 IDR = INR 0.00486

Exchange Rate: as at 31 March 2016 is 1 IDR = INR 0.00506

STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016	
	Notes	Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
General and administrative expenses	12	**(16,266,318)**	**(791.70)**	(9,701,002)	(485.05)
Other Income		**250,510**	**12.19**		
Finance Income		**5,055**	**0.25**		
Foreign exchange (loss)/gain		**436,125**	**21.23**	(1,888,212)	(94.41)
Loss before income tax		**(15,574,628)**	**(758.03)**	(11,589,214)	(579.46)
Income tax expense	8c	**-**	**-**	-	-
Loss for the year/period		**(15,574,628)**	**(758.03)**	(11,589,214)	(579.46)
Other comprehensive income that will not be reclassified to profit or loss:		**-**	**-**	-	-
Remeasurement of post-empolyment benefit obligations		**(4,879)**	**(0.24)**	-	-
			-		
Total comprehensive loss for the year/period		**(15,579,507)**	**(758.27)**	(11,589,214)	(579.46)

PT THERMAX INTERNATIONAL INDONESIA

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

		Share capital		**Advance for Share Subscription**		**Accumulated Losses**		**Total**	
	Notes	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**
Balance as at 31 March 2015		**10,000,000**	**486.71**	**-**	**-**	**(274,457)**	**(13.36)**	**9,725,543**	**473.35**
			-		-		-		-
Advances for shares subscription	10	-	-	96,220,000	4,683.12	-	-	96,220,000	4,683.12
Loss for the year	9	-	-	-	-	(11,589,214)	(564.06)	(11,589,214)	(564.06)
Balance as at 31 March 2016		**10,000,000**	**486.71**	**96,220,000**	**4,683.12**	**(11,863,671)**	**(577.42)**	**94,356,329**	**4,592.42**
Advances for shares subscription	10	96,220,000	4,683.12	(96,220,000)	(4,683.12)	-	-	-	-
Share Issuance	9	103,780,000	5,051.08	-	-	-	-	103,780,000	5,051.08
Loss for the year					-	(15,574,628)	(758.03)	(15,574,628)	(758.03)
Remeasurement of post-empolyment		-	-	-	-	(4,879)	(0.24)	(4,879)	(0.24)
benefit obligations					-		-		-
Balance as at 31 March 2017		**210,000,000**	**10,220.91**	**-**	**-**	**(27,443,178)**	**(1,335.69)**	**182,556,822**	**8,885.22**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017		2016	
	Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Cash flows from operating activities				
Loss before income tax expense	**(15,574,628)**	**(758.03)**	(11,589,214)	(579.46)
Adjustments for:				
Depreciation of fixed assets	**684,124**	**33.30**	33,205	1.66
Amortisation of intangible assets	**4,876**	**0.24**	915	0.05
Employee benefit liabilities	**(250,510)**	**(12.19)**	464,689	23.23
Loss on Disposal of Fixed Assets	**8,661**	**0.42**		
Unrealised foreign exchange loss/(gain)	**(106,872)**	**(5.20)**	756,407	37.82
Operating cash flows before changes in working capital	**(15,234,349)**	**(741.47)**	(10,333,998)	(516.70)
Changes in working capital:				
Prepaid tax	**(5,358,244)**	**(260.79)**	(7,672,491)	(383.62)
Advances and prepayments	**247,909**	**12.07**	(1,742,027)	(87.10)
Trade payables	**(647,618)**	**(31.52)**	1,053,835	52.69
Accrued expenses and other payables	**368,086**	**17.92**	323,191	16.16
Other current liabilities	**(420,552)**	**(20.47)**	420,553	21.03
Inventory	**(588,563)**	**(28.65)**	-	-
Other receivables	**(763)**	**(0.04)**	-	-
Other taxes payable	**63,851**	**3.11**	24,792	1.24
Net cash flows used in operating activities	**(21,570,243)**	**(1,049.85)**	(17,926,145)	(896.31)
Cash flows from investing activities				
Acquisition of fixed assets	**(52,190,526)**	**(2,540.17)**	(82,237,280)	(4,111.86)
Acquisition of intangible asset	**(6,090)**	**(0.30)**	(16,500)	(0.83)
Net cash flows from investing activities	**(52,196,616)**	**(2,540.46)**	(82,253,780)	(4,112.69)
Cash flows from financing activities				
Proceeds from shares issuance	**103,780,000**	**5,051.08**	500,000	25.00
Proceeds from shareholder's loan	**-**	**-**	95,399,150	4,769.96
Net cash flows provided from financing activities	**103,780,000**	**5,051.08**	95,899,150	4,794.96
Net (decrease)/increase in cash and cash equivalents	**30,013,141**	**1,460.77**	(4,280,775)	(214.04)
Cash and cash equivalents at the beginning of the period	**5,265,262**	**256.27**	9,481,594	474.08
Foreign exchange gain on cash and cash equivalents	**106,872**	**5.20**	64,443	3.22
Cash and cash equivalents at the end of the period	**35,385,275**	**1,722.24**	5,265,262	263.26

Notes to the Financial Statement
(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 Capital Investment Coordinating Board ("BKPM") through Changes on Principal Permit Letter number 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 manufacturing of industrial products such as steam boilers, heaters, absorption chillers, etc and its spare parts. The Company is in the process of setting up of a manufacturing facility at Krakatau Industrial Estate Cilegon, Banten. As at 31 March 2017, the Company has not yet commenced its commercial production.

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 factory is located at Krakatau Industrial Estate, Cilegon, Banten.

As at 31 March 2017 and 2016, the Company's Commissioner and Board of Directors were as follows:

Commissioner	:	Mr. Amitabha Mukhopadhyay
President Director	:	Mr. Jawahar Harinarayanan
Director	:	Mr. Hemant Mohagaonkar

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 2016, 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 April 2016 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:

- SFAS No. 4 (Revised 2015) "Separate Financial Statements"
- SFAS No. 5 (Revised 2015) "Operating Segments"
- SFAS No. 7 (Revised 2015) "Related Party Disclosures"
- SFAS No. 13 (Revised 2015) "Investment Property"
- SFAS No. 15 (Revised 2015) "Investments in Associates and Joint Ventures"
- SFAS No. 16 (Revised 2015) "Fixed Assets"
- SFAS No. 19 (Revised 2015) "Intangible Assets"
- SFAS No. 22 (Revised 2015) "Business Combinations"
- SFAS No. 24 (Revised 2015) "Employee Benefits"
- SFAS No. 25 (Revised 2015) "Accounting Policies, Changes in Accounting Estimates and Errors"
- SFAS No. 53 (Revised 2015) "Share-based Payments"
- SFAS No. 65 (Revised 2015) "Consolidated Financial Statements"
- SFAS No. 66 (Revised 2015) "Joint Arrangements"
- SFAS No. 67 (Revised 2015) "Disclosure of Interests in Other Entities"
- SFAS No. 68 (Revised 2015) "Fair Value Measurement"
- SFAS No. 70 "Accounting for Tax Amnesty Assets and Liabilities"
- ISFAS No. 30 "Levies"

Changes to the Statements of Financial Accounting Standards ("SFAS") and Interpretations of Statements of Financial Accounting Standards ("ISFAS") (continued)

As at the authorisation date of the financial statements, the Company is still assessing the impact of the following new SFAS and ISFAS which are effective on 1 April 2017 and 1 April 2018 on the Company's financial statements:

- SFAS No. 1 (Revised 2015) "Presentation of Financial Statements"
- SFAS No. 2 (Revised 2016) "Statement of Cash Flows"
- SFAS No. 3 (Revised 2016) "Interim Financial Statements"
- SFAS No. 16 (Revised 2015) "Fixed Assets" (for the paragraph which relates to agricultural assets)
- SFAS No. 24 (Revised 2016) "Employee Benefits"
- SFAS No. 46 (Revised 2016) "Income Taxes"
- SFAS No. 58 (Revised 2016) "Non-current Assets Held for Sale and Discontinued Operations"
- SFAS No. 60 (Revised 2016) "Financial Instruments: Disclosures"
- ISFAS No. 31 "Interpretation on the Scope of SFAS 13: Investment Property"
- ISFAS No. 32 "Definition and Hierarchy of Financial Accounting Standards"

SFAS No. 1 (Revised 2015) "Presentation of Financial Statements" and ISFAS
No. 31 "Interpretation on the Scope of SFAS 13: Investment Property" are effective on 1 April 2017 while the other standards are effective on 1 April 2018. Early adoption of the above standards is permitted.

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 2017 and 2016, the exchange rates used were as follows (United States Dollars full amount):

	2017	2016
United States Dollars 1	13,321	13,276

c. Financial assets

(i) Classification

As at 31 March 2017 and 2016, 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" and "other receivables" 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 measureable 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 and cash in banks that are not used as collateral or are not restricted.

The statement of cash flows have been prepared using the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

e. Other receivables

Other receivables are amounts arising from transactions outside the ordinary course of business. If collection of the receivables is expected in one year or less, they are classified under current assets. If not, they are presented as non-current assets.

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.

f. Inventories

Inventories, which consist mainly of raw material, are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated 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 consist 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 equipments	4
Furnitures and fixtures	4
Building	20

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 would 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 payables and accruals

Trade payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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 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 Labor Law No. 13/2003. Since the Labor Law sets the formula for determining the minimum amount of benefits, in substance pension plans under the Labor 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. Expense recognition

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.

Provisions are 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.

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.

Impairment of non-financial assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit (“CGU”) is determined based on the higher of its fair value less costs of disposal and its value in use, calculated on the basis of management’s assumptions and estimates. Changes in key assumptions, including the revenue amount, the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable calculations.

4. CASH AND CASH EQUIVALENTS

	2017	**2016**
Cash on hand	3,281	4,021
Cash in banks	35,381,994	5,261,241
	35,385,275	**5,265,262**

5. FIXED ASSETS

	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 equipments	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
	84,196,907	**60,772,856**	**(12,045)**	**-**	**144,957,718**
Accumulated depreciation					
Computers	(29,748)	(59,941)	3,384	-	(86,305)
Office equipments	(3,053)	(32,106)	-	-	(35,159)
Furnitures and Fixtures	(404)	(173,485)	-	-	(173,889)
Building	-			-	(418,592)
	(33,205)	**(684,124)**	**3,384**	**-**	**(713,945)**
Net book value	**84,163,702**				**144,243,773**

5. FIXED ASSETS (Cont...)

	2016				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	**-**	**81,247,182**	**-**	**-**	**81,247,182**
Computers	-	162,964	-	-	162,964
Office equipments	-	40,069	-	-	40,069
Furnitures and fixtures	-	589,982	-	-	589,982
Construction in progress	-	2,156,710	-	-	2,156,710
	-	**84,196,907**		**-**	**84,196,907**
Accumulated depreciation					
Computers	-	(29,748)	-	-	(29,748)
Office equipments	-	(3,053)	-	-	(3,053)
Furnitures and Fixtures	-	(404)	-	-	(404)
		(33,205)	**-**	**-**	**(33,205)**
Net book value	**-**				**84,163,702**

Depreciation expense amounted to Rp 684,124 (2016: Rp 33,205) was charged to general and administrative expenses (Note 12) for the year ended 31 March 2017.

The Company has capitalised borrowing cost amounting to Rp Nil and Rp 1,378,642 for the years ended 31 March 2017 and 2016, respectively.

The Company own a plot of land with "Hak Guna Bangunan" titles ("Building Use Titles" or "HGB") which has 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.

6. TRADE PAYABLES

	2017	**2016**
Third parties	5,822,568	542,675
Related party:		
- Thermax Limited	525,072	949,258
	6,347,640	**1,491,933**

7. ACCRUED EXPENSES AND OTHER PAYABLES

	2017	**2016**
Purchase of fixed assets	5,431,617	-
Office renovation	380,884	265,492
Professional fees	252,200	129,441
Operational	254,070	131,505
Interest	-	1,104,578
Others	15,454	156,519
	6,334,225	**1,787,535**

Refer to Note 13 for details of related party transactions.

8. TAXATION

a. Prepaid tax

	2017	**2016**
Current portion	5,496,436	-
Non-current portion	7,534,299	7,672,491
Value Added Tax (''VAT'')	**13,030,735**	**7,672,491**

Balance of VAT represent claim to the tax office mainly comes from capital goods acquisition. As at 31 March 2017, balance amounted of Rp 7,534,299 represent VAT from land purchase where as based on tax decision letter No 00014/507/15/067/16 dated 24 August 2016 is not claimable. The Company has submitted an objection letter to the tax office and as at the date of these financial statements, no decision is issued yet by the tax office regarding the Company's objection request.

b. Taxes payable

	2017	**2016**
Income tax article 4(2)	66,363	11,732
Income tax article 21	53,814	38,955
Income tax article 23	6,091	11,730
Income tax article 26	-	275,729
	126,268	**338,146**

c. Income tax expense

For the years ended 31 March 2017 and 2016, the Company did not recognised any current and 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:

	2017	**2016**
Loss before income tax	(15,574,628)	(11,589,214)
Income tax calculated at applicable tax rate	3,893,657	2,897,304
Tax effects:		
- Non-deductible expenses	(914,440)	(388,776)
- Unrecognised deferred tax assets	(2,979,217)	(2,508,528)
Income tax expense	-	-

The Company have accumulated tax losses carried forward balance amounted to Rp 22,004,976 which will be expired between 2020 and 2022.

The amount of fiscal loss are based on preliminary calculations. The amounts may be adjusted when Annual Tax Returns are assessed by the tax office.

d. Deferred tax assets

The Company has not recognised any deferred tax assets from fiscal losses as the ability of the Company to generate sufficient taxable profit will depend on when the Company commence it commercial operation. As such, the Company believes it is more prudent not to recognise any deferred tax assets until the commencement of its commercial operations, which expected in next financial year.

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 Director General of Tax may assess or amend taxes within five years of the time the tax becomes due.

9. SHARE CAPITAL

The shareholders compositions as at 31 March 2017 and 2016 were as follows:

	2017		
Shareholders	**Number Shareholders**	**Amount (Rp)**	**Percentage of ownership**
Thermax Engineering Singapore Pte. Ltd.	209,990	209,990,000	99.99%
	2017		
	Number of Shareholders	**Amount (Rp)**	**Percentage of ownership**
Thermax International Limited	10	10,000	0.01%
	210,000	210,000,000	100,00%
	2017		
	Number of Shareholders	**Amount (Rp)**	**Percentage of ownership**
Thermax International Limited	10	10,000	0.10%
	10,000	10,000,000	100.00%

Based on Notarial Deed No 226 dated 28 September 2016, the Company has increased the authorised, issued and paid up capital to become 210,000 shares. The notarial deed has been approved by Capital Investment Coordinating Board ("BKPM") through Changes on Principal Permit Letter number 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.

Increase of 200,000 shares was 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 10).

10. ADVANCES FOR SHARES SUBSCRIPTION

During 2015-2016, the Company has received 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 a 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, 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 Ministry of Law and Human Rights of the Republic of Indonesia and Capital Investment Coordinating Board. Therefore, the balance of "advances for shares subscription" has been converted into "share capital" in the statement of financial position.

11. 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 2017, the Company had not yet established a general reserve as the Company is still in accumulated losses position.

12. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	**2016**
Employee benefits	9,989,953	5,594,519
Traveling and conveyance	2,440,961	1,816,284
Depreciation	684,124	33,205
Repair and maintenance	583,831	128,084
Legal and professional charges	542,174	1,111,217
Rental and service charges	537,974	214,404
Communication	352,789	118,118
Advertising and exhibition	249,737	171,876
Others	816,166	503,028
	16,197,709	9,690,735

Refer to Note 13 for details of related party transactions.

13. RELATED PARTY TRANSACTIONS

The nature of relationships and transactions with related parties are as follows:

TRATIVE EXPENSES

Related parties	Relationship	Nature of transactions
Thermax Limited	Holding company of Thermax Engineering Singapore Pte. Ltd.	Reimbursement of expenses
Thermax Engineering	Shareholder Singapore Pte. Ltd.	Interest expense of the Company

a. Balances with related parties

	2107	**2016**
Accrued expense and other payables:		
Thermax Limited	525,072	-
Thermax Engineering Singapore Pte. Ltd.	**-**	**1,104,578**

b. Transactions with related parties

	2107	**2016**
Expense reimbursement:		
Thermax Limited	1,330,758	949,258

The expenses being reimbursed are based on actual costs occurred.

Finance costs (included with capitalised interest in fixed assets):		
Thermax Engineering Singapore Pte. Ltd.	-	1,378,642

Finance costs charged by a related party is based on contracted rate.

c. Key management personnel compensation

Key management personnel includes Directors and Commissioner. In 2017, the compensation for key management recorded in financial statements amounted to Rp 2,037,547 (2016: Rp 1,227,250) only for the President Director of the Company. The compensation for the Company's Commissioner and other Director were paid directly by the Thermax Limited.

14. SIGNIFICANT CONTRACTS, COMMITMENTS AND CONTIGENCIES

Capital commitments

On 31 March 2017, the Company has entered into several contracts with third parties to provide construction service of the factory and supply of machinery and equipments in Cilegon, Banten, Indonesia with total contract value Rp 3,529,545 until September 2017.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 31 March 2017, the Company's financial assets which comprise cash and cash equivalents and other receivables with a total balance of Rp 35,386,038 (2016: Rp 5,265,262), are categorised as loans and receivables.

As at 31 March 2017, the Company's financial liabilities which comprise trade payables, and accrued expenses and other payables with a total balance of Rp 12,681,865 (2016: Rp 3,279,468) are categorised as other financial liabilities at amortised cost.

16. 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 denominated in foreign currency.

As at 31 March 2017, if the United States Dollar had weakened/ strengthened by 10% against the Indonesian Rupiah with all other variables held constant, post-tax loss for the period would have been Rp 1,704,772 (2016: Rp 334,193) 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 2017, the total maximum exposure from credit risk is Rp 35,382,757 (2016: Rp 5,261,241). The credit risk primarily arises from cash in banks and other receivables. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk because the Company is placing its cash with highly reputable banks and other receivables is not material.

c. Liquidity risk

Liquidity risk arises in situations in which the Company has difficulties obtaining the necessary resources to fulfill 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 contractual maturities amounted to Rp 12,681,865 are within one year and without any 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.

In order to maintain or adjust the capital structure, the Company may, issue new shares.

The Company's policy is to maintain a commercially sound financial position with the aim of maximising the net cash return to the shareholder whilst ensuring a level of capitalisation that is commercially defensible. There were no changes in the Company's approach to capital management during the year.

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 2017. The fair value of trade payables and accrued expenses and other payables approximate their carrying value because of their short term maturity.

17. NON CASH TRANSACTIONS

	2017	**2016**
Investing activities:	53,814	38,955
Acquisition of fixed assets through trade payables	5,553,327	315,493
Acquisition of fixed assets through accrued expenses	5,812,501	1,368,405
Acquisition of fixed assets through taxes payables	-	275,729
Financing activities: Share issuance through other receivables	**96,220,000**	-

18. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on 10 May 2017

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 17th MARCH, 2017

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 2016 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 ACTIVITIES DURING THE YEAR 2016

During the year ended 31/12/2016, 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 second year of Company operations & it earned a total income of FCFA 1 357 200 000.

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 2017

For the fiscal year 2017, the demand for plant management services are appeared to be stable & Companies performance is also expected to be stable in FY 2017.

REVIEW OF THE STATEMENTS OF INCOME AND ALLOCATION PROPOSAL

The main aggregates for the year ended December 31, 2016 are as follows in thousands of FCFA:

Elements	31/12/2016
Turnover	1 357 200 000
Personnel Expenses	822 766 540
Operating charges	1 035 420 244
Operating income	321 779 892
Net profit	228 172 106

We propose to allocate the profit as follow :

- Net profit:	228 172 106
- Dividends to be distributed:	192 500 000

Following this allocation, the company's equity will be as follows

- Share capital :	110 000 000
- Legal reserve	22 000 000
- Retained earning:	122 092 336
- Total	254 092 336

The manager

Mr. Umesh Barde

Mr. Bhavesh Chheda

Auditor's Report

THERMAX SENEGAL SARL

Dakar - Sénégal

Share capital : XOF 110 000 000

Subject: Independent Auditor's Report of Thermax Senegal SARL for local financial statements as of December 31st 2016

We have audited the financial Statements of Thermax Senegal SARL as of December 31st 2016.

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 local financial statements are free of material misstatements, in all material respects, in accordance with the SYSCOA, which is applicable in Senegal.

COMMENTS ON THE FINANCIAL STATEMENTS

A- BALANCE SHEET

The balance sheet as of December, 31st 2016 is detailed below (in XOF):

DESCRIPTION	BALANCE AS OF DECEMBER 31st 2016	REF	BALANCE AS OF DECEMBER 31st 2015
Tangible assets	38 061 361	a	40 142 860
Financial assets	574 500		574 500
Advances to suppliers			
Receivables	339 300 000	b	343 473 155
Other receivables	130 074 553	c	82 128 243
Cash and cash equivalents	333 251 312	d	522 403 914
TOTAL	**841 261 726**		988 722 672
Share capital	110 000 000		110 000 000
Legal reserve	22 000 000	e	
Retained earnings	86 420 230		
Net income	**228 172 106**		273 420 230
Clients, advances payments			
Liabilities	108 584 739	f	59 892 461
Fiscal liabilities	124 969 697	g	343 439 511
Social liabilities	116 917 954	h	145 752 754
Other liabilities	44 197 000	i	56 217 716
TOTAL	**841 261 726**		988 722 672

a) Tangible assets

Tangible assets consist to a building for Thermax Senegal staff amounted XOF 41 744 000 in gross value. During the audited period, the amount of amortization is XOF 3 682 639.

b) Receivables

The balance of receivables as of December 31st 2016 is XOF 339 300 000 corresponding to three monthly billings. Thermax Senegal SARL has a maintenance contract for a power station.

c) Other receivables

Other receivables consist principally:

- Vat for XOF 69 867 623. It's the vat on sales regarding exempted sales. Refund of was requested but there is no response from Tax office since one year.
- A vat credit for an amount of XOF 11 737 956.
- A request for refund of VAT credit for an amount of XOF 44 080 390.

d) Cash and cash equivalents

This caption consists in:

- Bank which is debtor of XOF 332 302 195.
- Petty cash, debtor of XOF 949 117.

e) Equities

Thermax's income as of December 31st 2015 was positive for an amount of XOF 273 420 230. In accordance with the shareholder's meeting dated on April 20th 2016, the result was affected as follows:

- Legal Reserve: XOF 22 000 000
- Retained earnings: XOF 86 420 230
- Dividends: XOF 165 000 000

f) Liabilities

The balance of this caption as of December 31st 2016 is 106 844 739 XOF This balance is manly explained by:

- Trade liabilities for XOF 79 589 463.
- Accrued expenses for XOF 27 255 276. It concerns expenses for which bills were not received.

g) Fiscal liabilities

The balance of fiscal liabilities amounted XOF 125 491 697 consist essentially to:

- Income Tax: XOF 109 622 700
- Payroll deductions: XOF 10 777 971. Payroll are related December 2016 and were paid on January 2017. On 2015, they were accumulated during the year and paid on 2016.

h) Social liabilities

Social liabilities amounted XOF 116 917 954. They are composed by:

- A Provision for holiday for an amount of XOF 77 260 773.
- Social contributions (Ipres, CSS) for December 2016 amounted XOF 6 627 771. Note that in 2015, social contributions were paid with delay and penalties.
- Salaries for XOF 30 806 016: It is related to unpaid allowances.

i) Other liabilities

Other liabilities amounted XOF 44 197 000 as of December 31st 2016. The balance is explained by the balance of Thermax India. This concerns salaries paid to Thermax Senegal staff by Thermax India and re bill 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 2016 is detailed below, in XOF:

DESCRIPTION	BALANCE AS OF DECEMBER 31st 2016	REF	BALANCE AS OF DECEMBER 31st 2015
Other purchases	39 662 276		34 414 446
Transport	538 500		1 703 800
External services	146 890 581	1	116 945 908
Taxes	21 840 135		26 508 548
Other expenses	1 640 713		5 298
Salaries	822 766 540	2	858 811 310
Amortization	2 081 499		1 601 140
Exchange loss	2 820 382		34 185 219
Income Tax	109 100 700		176 226 600
TOTAL	**1 147 341 326**		1 250 402 269
Turnover	1 357 200 000	3	1 510 906 559
Other products	136		11 253 020
Gain exchange	18 313 296		1 662 920
TOTAL	**1 375 513 432**		1 523 822 499
INCOME	**228 172 106**		273 420 230

Please note that the financial year of 2015 is 13 months (December 2014 to December 2015).

1- External Services

The balance of this caption as of December 31st 2016 is XOF 146 890 581. It's mainly composed by:

- Vehicle rental: XOF 15 887 500
- Fees: XOF 52 760 514
- Mission expenses: XOF 59 049 700

2- Salaries

The balance of this caption as on December 31st 2016 is XOF 821 026 540 and is composed by :

- Payroll charges paid by Thermax India to Thermax Senegal's staff for XOF 443 434 225
- Provision for holiday : XOF 92 022 132.
- Interim staff for an amount of XOF 240 145 516.

3- Turnover

The turnover of Thermax Senegal SARL as of December 31st 2016 amounted XOF 1 357 200 000. The turnover consists to the maintenance of a power station.

February 23rd 2017
KPMG Senegal

Marie BA

Partner

Balance Sheet for the year ended 31st December 2016

	2015/2016		2014/2015	
ASSETS	**XOF**	**Rs. In Lacs**	**XOF**	**Rs. In Lacs**
FIXED ASSETS				
Tangible assets				
Buildings - Gross	41,744,000	44.83	41,744,000	47.97
Less: Amortisation / Provision	(3,682,639)	(3.96)	(1,601,140)	(1.84)
Buildings - Net	38,061,361	40.87	40,142,860	46.13
Financial assets				
Other financial assets	574,500	0.62	574,500	0.67
TOTAL FIXED ASSETS (I)	**38,635,861**	**41.49**	40,717,360	46.80
CIRCULATING ASSETS				
Trade debtors and related accounts				
Clients	339,300,000	364.37	343,473,155	394.70
Other receivables	130,074,553	139.69	82,128,243	94.38
TOTAL CIRCULANTING ASSETS (II)	**469,374,553**	**504.06**	425,601,398	489.08
CASH - CASH AQUIVALENT-ASSETS				
Banks, postal accounts, cash	333,251,312	357.88	522,403,914	600.32
TOTAL CASH AND CASH EQUIVALENTS ASSETS (III)	**333,251,312**	**357.88**	522,403,914	600.32
Translation adjustment-Assets (IV)				
(foreign exchange difference)				
TOTAL (I + II + III + IV)	**841,261,726**	**903.43**	988,722,672	1,136.20
LIABILITIES (before apportionment)	**XOF**	**Rs. In Lacs**	XOF	Rs. In Lacs
SHAREHOLDERS' EQUITY AND RELATED EQUITIES				
Capital	110,000,000	118.13	110,000,000	126.41
Premiums and reserves:				
Unavailable reserves	22,000,000	23.63		
Retained earnings	86,420,230	92.81		
Net income or loss for the financial year	228,172,106	245.03	273,420,230	314.20
TOTAL EQUITY (I)	**446,592,336**	**479.60**	383,420,230	440.61
FINANCIAL AND RELATED DEBTS				
TOTAL FINANCIAL DEBTS (II)				
TOTAL EQUITY AND DEBTS (I + II)	**446,592,336**	**479.60**	383,420,230	440.61
CIRCULATING LIABILITIES				
Suppliers	108,584,739	116.61	59,892,461	68.83
Tax liabilities	124,969,697	134.20	343,439,511	394.67
Social liabilities	116,917,954	125.56	145,752,754	167.49
Other liabilities (Intercompany and others)	44,197,000	47.46	56,217,716	64.60
TOTAL CIRCULATING LIABILITIES (III)	**394,669,390**	**423.83**	605,302,442	695.59
CASH AND CASH EQUIVALENTS-LIABILITIES				
TOTAL CASH AND CASH EQUIVALENTS-LIABILITIES (IV)				
Translation adjustment Liabilities (V)				
TOTAL (I + II + III + IV + V)	**841,261,726**	**903.43**	988,722,672	1,136.20

THERMAX SENEGAL SARL

Profit and Loss Statement for the year ended 31st December 2016

	Year 2015/2016			Year 2014/2015		
INCOME STATEMENT-CHARGES	**XOF**	**XOF**	**Rs. In Lacs**		**XOF**	**Rs. In Lacs**
OPERATING ACTIVITIES						
Other purchases		39,662,276	42.59		34,414,446	39.55
Transportation		538,500	0.58		1,703,800	1.96
External services		146,890,581	157.75		116,945,908	134.39
Taxes		21,840,135	23.45		26,508,548	30.46
Other charges		1,640,713	1.76		5,298	0.01
Staff costs		822,766,540	883.57		858,811,310	986.91
(Out door staff included in above XOF Current Year 241,885,516, Last Year - 227,555,032)						
Appropriations to depreciation and provisions		2,081,499	2.24		1,601,140	1.84
Total operating charges		**1,035,420,244**	**1,111.94**		1,039,990,450	1,195.12
Exchange losses		2,820,382	3.03		34,185,219	39.28
Total financial charges		**2,820,382**	**3.03**		34,185,219	39.28
Total regular activity charges		**1,038,240,626**	**1,114.97**		1,074,175,669	1,234.40
Income tax		109,100,700	117.16		176,226,600	202.51
Total profit share and tax		**109,100,700**	**117.16**		176,226,600	202.51
OVERALL TOTAL FOR CHARGES		**1,147,341,326**	**1,232.13**		1,250,402,269	1,436.91
INCOME STATEMENT REVENUE	**XOF**	**XOF**	**Rs. In Lacs**	**XOF**	**XOF**	**Rs. In Lacs**
OPERATING ACTIVITIES						
Sales of work or services		1,357,200,000	1,457.50		1,510,906,559	1,736.27
GROSS MARGIN ON MATERIALS	**1,357,200,000**			1,510,906,559		
Other revenue		136	0.00		11,253,020	12.93
VALUE ADDED	**1,146,627,931**		-	1,342,581,579		-
GROSS OPERATING SURPLUS	**323,861,391**		-	483,770,269		-
Total operating revenue		**1,357,200,136**	**1,457.50**		1,522,159,579	1,749.20
OPERATING INCOME OR LOSS	321,779,892			482,169,129		
Income (+) ; Loss (-)						
FINANCIAL ACTIVITIES						
Exchange gains		18,313,296	19.66		1,662,920	1.91
Provisions written back						
Total financial revenue		**18,313,296**	**19.66**		1,662,920	1.91
FINANCIAL INCOME OR LOSS (+ or -)	15,492,914		-	(32,522,299)		-
Total regular activity revenue		**1,375,513,432**	**1,477.16**		1,523,822,499	1,751.11
Net income or loss from regular activities	337,272,806		-	449,646,830		
OVERALL TOTAL FOR REVENUE NET INCOME OR LOSS FOR THE FINANCIAL YEAR		1,375,513,432	1,477.16		1,523,822,499	1,751.11
Income (+) : Loss (-)		**228,172,106**	**245.03**		273,420,230	314.20

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (SSAF)

Part 1= CALCULATION OF FINANCIAL BALANCES FOR THE FINANCIAL YEAR 2016

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	323 861 391
Financial charges		Operating charges transferred	
Exchanges losses	2 820 382	Financial Revenue	
I.A. charges		Financial charges transferred	
Employee profit share		Exchange gains	18 313 296
Income taxes	109 100 700	I.A. revenue	
		I.A. charges transferred	
Total (I)	**111 921 082**	**Total (II)**	**342 174 687**

OIFC : Total (II) - Total (I) =	230 253 605	275 021 370
INTERNAL FINANCING	165 000 000	
Internal financing		
Internal financing = OIFC - Distribution of dividends during financial year (1)		
AF =	65 253 605	275 021 370

CHANGE IN OPERATING WORKING CAPITAL

Change in operating working capital= change in inventories + charges in receivables + changes in circulating liabilities (2)

Change in inventories : 2016-2014/2015	Application Increase (+)		Source Decrease
(A) Net change in inventories	Nil	or	
Changes In Receivable 2016/2014-2015			
Suppliers, advanced payments made		or	
Clients		or	4 173 155
Other receivable	47 946 310	or	
(B) Overall net change in receivable	43 773 155	or	

Changes in circulating liabilities : 2016/2014-2015	Application Decrease (-)		Resource Increase (+)
Clients, advanced payments received		or	
Suppliers		or	48 692 278
Tax liabilities	218 469 814	or	
Social liabilities	28 834 800	or	
Other liabilities	12 020 716	or	
(C) Net change in circulating liabilities	210 633 052	or	
CHANGE IN OPERATING WORKING CAPITAL=(A) + (B)+ (C)	254 406 207	or	

CASH FLOW FROM OPERATING ACTIVITIES

CASH FLOW FROM OPERATING ACTIVITIES = GROSS OPERATING SURPLUS - CHANGE IN OPERATING WORKING CAPITAL - OWNWORK

	2016	2014/2015
Gross operating surplus	323 861 391	483 770 269
Charge in operating working capital	-254 406 207	179 701 044
Own work capitalised		
CASH FLOW FROM OPERATING ACTIVITIES	**69 455 184**	663 471 313

THERMAX SENEGAL SARL

PART 2 : TABLE

	2016		2014-2015
	Applications	Sources	(E -,R+)
I.INVESTMES AND DEINVESTMENTS			
Deferred costs (increase during)			
Internal growth			
Acquisitions/Sales of tangible fixed assets)			-41 744 000
External growth			
Acquisitions/Sales of financial assets)			-574 500
TOTAL INVESTMENT			-42 318 500
II. CHANGE IN OPERATING WORKING CAPITAL	254 406 207	or	179 701 044
A - ECONOMIC APPLICATIONS TO FINANCE (I+ II)	254 406 207		137 382 544
B - TOTAL APPLICATIONS TO FINANCE	254 406 207		137 382 544
III. APPLICATIONS/SOURCES (CHANGES IN I.A. WORKING CAPITAL)			
IV. MANDATORY FINANCIAL APPLICATIONS (1)			
V. INTERNAL FINANCING			
Dividends (applications) / OIFC (sources)	165 000 000	230 253 605	275 021 370
VI. FINANCING THROUGH EQUITY			
Increase in capital through new share issues			110 000 000
VII. FINANCING THROUGH NEW LOANS			
C - NET FINANCING		65 253 605	385 021 370
D - FINANCING SURPLUS OR DEFICIENCY (C - B)	189 152 602 or		522 403 914
VIII. CHANGE IN NET CASH AND CASH EQUIVALENTS			
at year end + or - 333 251 312			522 403 914
at the beginning of the year + or - 522 403 914			
CHANGE IN NET CASH AND CASH EQUIVALENTS :			
(+ if application ; - if source) -189 152 602	or		-522 403 914

CONTROL (from gross balances of balance sheet N et N-1)		Applications		Sources
Change of working capital			ou	65 253 605
Change in operating working capital		254 406 207	ou	
Change in net cash and cash equivalents (T)			ou	189 152 602
	TOTAL	254 406 207	=	254 406 207

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 collateral : Not applicable

I – B4 Financial commitments : Endorsements, guarantees – XOF 57 645

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: Not applicable

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: Not applicable

I - B12 - 3 Nature of the charges transferred by the relevant expense line items: Not applicable

I - B12 - 4 Detail charges:

	Amount (XOF)
Transport cost on purchases	90 000
Actual social contributions	28 701 545
Imputed social contribution	89 276 001
Wages and salaries	542 885 702

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 50 271 191

THERMAX SENEGAL SARL

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 I NTERNATIONAL 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: Not applicable

II - B4 Total remuneration of the member's administration and monitoring: Not applicable

TABLE 1: FIXED ASSETS

BALANCES AND MOVEMENTS	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
ITEMS							
TANGIBLE ASSETS	41 744 000	0					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	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
ITEMS				
TANGIBLE ASSETS				
Buildings	1 601 140	3 682 639		3 682 639
Total depreciation for the year		2 081 499		

TABLE 3: GAINS AND LOSSES OF ASSIGNMENT: Not applicable

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	Receivables	
			Maturity date	Between 1 and 2 years	More than 2 years	foreign currency	from related parties	Net amount
LONG TERM RECEIVABLES (I)	**574 500**			**574 500**				
Other financial assets	574 500			574 500				
TRADE AND OTHER RECEIVABLES (II)	**469 374 553**	**469 374 553**	**469 374 553**					
Clients , advanced payments received	339 300 000	339 300 000	339 300 000					
State	129 843 553	129 843 553	129 843 553					
Prepayments	231 000	231 000	231 000					
TOTAL (I) + (II)	**469 949 053**	**469 374 553**	**469 374 553**	**574 500**				

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	108 584 739	108 584 739	108 584 739		
Employee	108 066 789	108 066 789	108 066 789		
Social Securities and social organisations	8 851 165	8 851 165	8 851 165		
State	124 969 697	124 969 697	124 969 697		
Other payables	44 197 000	44 197 000	44 197 000		
TOTAL	**394 669 390**	**394 669 390**	**394 669 390**		

TABLE 8 : INDIRECT EXPENSES (Specific accounts)

	Account number	Amount in Thousand of XOF
Water	6051	-
Electricity	6052	-
Other resources	6053	21 510
Maintenance	6054	798
Stationery	6055	517
Sundry expenses	6056	16 595
Maintenance and repairs of fixed assets	6241	327
Advertising and marketing	627	180
Telecommunication expenses	628	2 203
Fees	632	52 761

THERMAX SENEGAL SARL

TABLE 9 : DISTRIBUTION OF INCOME AND OTHER KEY FEARTURES OF THE LAST 5 YEARS

NATURE	2016	2014/2015
CAPITAL STRUCTURE AT YEAR END		
Capital stock	110 000 000	110 000 000
Ordinary Shares		
PROFIT FOR THE YEAR		
Revenue before tax	1 357 200 000	1 510 906 559
Profit before depreciation and provisions	339 354 305	451 247 970
Employee Profit Share		
Income Tax	109 100 700	176 226 600
Net profit	228 172 106	273 420 230
STAFF AND REMUNERATION POLICIES		
Average number of employees during the year	52	40
Average number of employees working abroad during the year		
Payroll distribution during the year	542 885 702	598 003 091
Benefits paid during the year {Social security, social work}	37 995 322	33 253 187
Expenses of employees working abroad	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)		86 420 230
. Other reserve (available)		. Net profit for the year		228 172 106
. Dividends	192 500 000	. Transfers		
. Other appropriation				
. retained profit / earnings	100 092 336			
TOTAL (A)	**314 592 336**	**Control : Total A = Total B**	**TOTAL (B)**	**314 592 336**

TABLE 11 : EMPLOYEES, PAYROLL AND TEMPORARY STAFF

EMPLOYEES AND PAYROLL	EMPLOYEES							PAYROLL						
	LOCAL		OTHER STATES OF THE		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					52		52					539 828 003		539 828 003
PERMANENTS					52		52					539 828 003		539 828 003

2. Temporary staff

								CHARGE TO THE COMPANY
EMPLOYEES, HELPERS, WORKERS AND TRAINEES								241 885 516
TOTAL PERMANENTS + TEMPORARY					52		52	781 713 519

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
Kristianne S. Magat

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

Valdes Abad & Company, CPAs
CJV Building, 108, Aguirre Street,
Legaspi Village, Makati City,
Philippines.

Banks

Citi Bank,NA.

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS OF THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

We have audited the financial statements of THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of equity and statement of cash flows for the period 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, 2017, and its financial performance and its cash flows for the period then ended in accordance with Philippine Financial Reporting Standards (PFRSs) for small and medium-sized entities.

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 ethical requirements that are relevant to our audit of the financial statements 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.

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 PFRSs for small and medium-sized entities 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; to 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 entity'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 entity'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 the auditor's report. However, future events or conditions may cause an entity 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.

Report on Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on 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 management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD AND COMPANY, CPAs

MA. CORAZON M ENRIQUEZ
Partner
CPA Registration No. 031628

Makati City, Philippines May 25, 2017

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	March 31, 2017 Peso	Rs Lacs
CURRENT ASSETS			
Cash	4	6,134,449	79.29
Advances to officers & employees	5	97,500	1.26
Prepayments and other current assets	6	516,357	6.67
Security Deposit	7	496,842	6.42
Total current assets		**7,245,148**	**93.65**
NON - CURRENT ASSETS			
Deferred tax asset	15	1,174,376	15.18
Total non - current assets		**1,174,376**	**15.18**
TOTAL ASSETS		**8,419,524**	**108.82**
LIABILITIES AND STOCK HOLDERS' EQUITY			
CURRENT LIABILITIES			
Accrued expenses & government liabilities	8	598,332	7.73
Due to affiliate	10	742,725	9.60
Other payable	9	452,134	5.84
Total liabilities		**1,793,191**	**23.18**
STOCKHOLDERS' EQUITY			
Share capital	11	9,400,000	121.50
Deficit		(2,773,667)	(35.85)
Total stockholders' equity		**6,626,333**	**85.65**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**8,419,524**	**108.82**

Exchange Rate : as at 31 March 2017 is 1 PHP = Rs 1.2925

STATEMENT OF COMPREHENSIVE INCOME

For the period from August 19, 2016, date of incorporation, to March 31, 2017	Note	2017 Peso	Rs Lacs
REVENUE		-	-
EXPENSES	12	3,957,051	51.15
INCOME (LOSS) FOR THE PERIOD		**(3,957,051)**	**(51.15)**
OTHER INCOME	14	9,008	0.12
LOSS BEFORE TAX		**(3,948,043)**	**(51.03)**
INCOME TAX			
Deferred	15	1,174,376	15.18
NET COMPREHENSIVE LOSS FOR THE PERIOD		**(2,773,667)**	**(35.85)**

STATEMENT OF EQUITY

	Peso				Rs Lacs			
For the period from August 19, 2016, date of incorporation, to March 31, 2017	**Capital Stock (Note 11)**	**Capital Stock (Note 11)**	**Net Loss**	**Total Equity**	**Capital Stock (Note 11)**	**Capital Stock (Note 11)**	**Net Loss**	**Total Equity**
Authorized 900,000 shares at P100 par value	90,000,000				1,163.28			
Subscribed shares, 225,000 shares	22,500,000				290.82			
Subscribed and paid-up shares	9,400,000	9,400,000		9,400,000	121.50	121.50		121.50
Net loss for the period		-	(2,773,667)	(2,773,667)		-	(35.85)	(35.85)
BALANCE, MARCH 31, 2017		**9,400,000**	**(2,773,667)**	**6,626,333**		**121.50**	**(35.85)**	**85.65**

STATEMENT OF CASH FLOWS

For the period from August 19, 2016, date of incorporation, to March 31, 2017		2017	
	Note	Peso	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(3,948,043)**	**(51.03)**
Operating income before working capital changes		(3,948,043)	(51.03)
Working capital changes:			
Increase in:			
Advances to officers & employees	5	(97,500)	(1.26)
Prepayments and other current assets	6	(516,357)	(6.67)
Security deposit		(496,842)	(6.42)
Increase (decrease) in:			
Accrued expenses & government liabilities	8	598,332	7.73
Income tax payable			
Other payable	9	452,133	5.84
Due to affiliate	10	742,725	9.60
Cash generated from (used in) operation		**(3,265,552)**	**(42.21)**
CASH FLOW FROM A FINANCING ACTIVITY			
Paid up capital	11	9,400,000	121.50
Net cash from financing activities		**9,400,000**	**121.50**
NET INCREASE (DECREASE) IN CASH		6,134,449	79.29
CASH, BEGINNING		-	-
CASH, END		**6,134,449**	**79.29**

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

As at and for the period ended March 31, 2017

NOTE 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 in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg. 68) and the Foreign Investments Act of 1991 (Republic Act 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 Ltd., India or any other Thermax Group company; 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 & 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 & treated water on rental basis.

The company's registered office is located at 10/F, 8 Rockwell, Hidalgo corner Plaza Drive, Rockwell Center, Makati City 1200, Philippines.

The financial statements of the Company for the year ended March 31, 2017 were authorized for issue by the Board of Directors (BOD) on May 25, 2017.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of financial statement presentation

These financial statements have been prepared under the historical cost convention method.

2.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SME's). The PFRS for SME's were adopted on 13 October 2009 by the Philippine Financial reporting Standards Council from the International Financial Reporting Standards (IFRS) for Small and Medium Entities issued by the International Accounting Standards Board. In a notice issued by the Securities and Exchange Commission on December 11, 2009, the Commission En Banc included the PFRS for SMEs in its rules and regulations in its meeting held on December 3, 2009. These financial statements have been prepared under the cost convention method.

The preparation of financial statements in conformity with the PFRS for SMEs 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. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

2.3 Foreign currency translation

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 Philippine peso, which is the Company's functional and presentation currency.

All values are rounded to the nearest one peso (P 1), except when otherwise indicated.

Transaction and balances

The accounting records of the Company are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximates those prevailing on transaction dates.

Foreign currency gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates or monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income.

2.4 Cash

Cash is valued at face amount. The Company considers all highly liquid instruments purchased with maturity of three months or less from date of acquisition and that are subject to insignificant risk of change in value as cash equivalents. As of balance sheet date, the Company has no cash equivalents.

2.5 Advances to officers & employees

This represents 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.

2.6 Prepayments and other current assets

This includes prepaid expenses, input VAT and deferred input VAT.

Prepaid expenses. These 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.

Input VAT. This pertains to value added tax due from or paid by the Company in the course of its operations.

2.7 Security Deposit

Security deposit represents rental deposit with the lessor for the condominium unit as guarantee for faithful observances by the lessee of the terms and conditions of the lease and to cover any cost for the damages and/or other contingent liabilities of the lessee. Security deposit is measured initially at fair value and subsequently measured at amortized cost less any impairment loss.

2.8 Accrued expenses and government liabilities

Expenses are recognised on accrual basis. Payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

2.9 Other payable

This represents reimbursement of business-related expenses incurred by the employees. These are initially measured at fair value and subsequently measured at amortized cost less any impairment loss.

2.10 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated outflow required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of related provision. 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. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

In those cases where possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

2.11 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.

2.12 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 is recognized:

Interest income. It is recognized when earned, net of final withholding tax. (taking into account the effective yield on the asset).

2.13 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.

Under the balance sheet method, with certain exceptions, 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.

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.

2.14 Equity

Share Capital is determined using the nominal value of shares that have been issued.

Retained earnings (deficit) include all current and prior period results of operation as disclosed in the income statement.

2.15 Events after financial reporting date

Post year-end events t3hat 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.

2.16 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.

2.17 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 income statement on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

NOTE 3 – SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the accompanying financial statements in conformity with PFRS for SMEs requires the Company to make 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.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of financial assets

Where fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to the financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to this model are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing their fair values. These estimates may include considerations of liquidity, volatility and correlation.

3.2 Critical judgments in applying accounting policies

(a) Functional currency

The Company has determined that its functional currency is the Philippine peso which is the currency of the primary environment in which the Company operates.

(b) Fair value of Financial Instruments (see Note 3.1b)

(c) Provisions and contingencies (see Notes 2.10 and 2.11)

There are no significant contingencies and provisions involving the Company as of balance sheet date.

NOTE 4 – CASH

This account consists of:

		2017
Cash in bank – Citibank (PhP)	₱	**6,134,449**

Cash in bank - Citibank (PhP) earns interest at the prevailing bank deposit rates. Interest income earned during the period amounted to ₱ 9,008. (See Note 14)

NOTE 5 – ADVANCES TO OFFICERS AND EMPLOYEES

This account consists of:

		2017
Advances to officers and employees	₱	**97,500**

Advances to officers and employees represent rolling advances of assignees subject to liquidation.

No allowance for doubtful accounts was provided as of March 31, 2017 because Management believes that the accounts are collectible.

NOTE 6 – PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of the following:

		2017
Prepaid rent	₱	372,514
Input VAT		128,243
Deferred input tax		15,600
	₱	**516,357**

NOTE 7 – SECURITY DEPOSIT

This account consists of two (2) months security deposit to Excellent Forex Corp. and Regus PLT Centre Inc. (lessors).

Details are as follows:

		2017
Excellent Forex Corp.	₱	268,800
Regus PLT Centre Inc.		228,042
	₱	**496,842**

NOTE 8 – ACCRUED EXPENSES AND GOVERNMENT LIABILITIES

This account consists of:

		2017
Fringe benefit tax payable	₱	173,469
Accrued expenses		157,600
Accrued salaries		120,813
Withholding tax payable on wages		98,255
SSS, PHIC and HDMF payable		32,590
Withholding tax payable at source		15,605
	₱	**598,332**

Accrued expenses consist of accrual of professional fees.

NOTE 9 – OTHER PAYABLE

This account consists of:

		2017
Payable to employees	₱	**452,134**

Represents reimbursement of business-related expenses incurred by employees.

NOTE 10 – RELATED PARTY TRANSACTIONS

Related party transactions consist of due to affiliated company as reimbursement of expenses incurred on behalf of the Company.

In the ordinary course of business, the following are the transactions of the Company with its related party, Thermax Instrumentation Limited:

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Due to affiliate	₱ 742,725	₱ 742,725	No term.	Unsecured, no impairment

10.1 Key management personnel compensation

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the four months ended March 31, 2017 amounted to ₱ 602,350.

NOTE 11 – CAPITAL STOCK

This account consists of:

		2017
Authorized number of common stock 900,000 shares at ₱ 100 par value	₱	**90,000,000**
Subscribed shares, 225,000 shares	₱	**22,500,000**
Subscribed and paid up shares	₱	**9,400,000**

NOTE 12 – OPERATING EXPENSES

		2017
Payroll and other related expenses	₱	1,249,154
Taxes and licences (Note 17)		410,676
Legal and professional charges		407,612
Transportation and travel		376,419
Fringe benefit expense		373,937
Vehicles expenses		342,930
Rent expense (Note 13)		335,073
Fringe benefit tax expense		175,970
Advertising expense		121,400
Communication expense		32,500
Site expenses		31,172
Bank charges		12,111
Printing and office supplies		10,355
Miscellaneous expense		77,744
TOTAL	₱	**3,957,051**

Miscellaneous expense includes courier expenses, input tax expense, medical expense and others.

NOTE 13 – LEASE AGREEMENT

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 03, 2017 to February 02, 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 a three (3) months advance rent for the months of February to April, 2017.

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 29, 2017 to January 29, 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 a three (3) months advance rent for the months of January to March, 2017.

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 the contract, the lessee shall pay in Security Deposit of two (2) months and a three (3) months advance rent for the months of January to March, 2017.

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 contract, the lessee shall pay in two (2) months service retainer.

Rent expense amounted to **₱ 335,073** for the year ended **March 31, 2017.**

Future minimum lease payments (excluding taxes, etc.) are as follows:

		2017
Within one year	₱	2,374,231
Later than one year but not later than five years		Nil
Later than five years		Nil

NOTE 14 – OTHER INCOME (EXPENSE)

This account consists of the following:

	2017
Interest income (Note 4)	**9,008**

NOTE 15 – INCOME TAXES

Income tax due is computed as follows:

		2017
Loss before tax	₱	(3,948,043)
Permanent differences:		
Interest income		(9,008)
Income tax penalties		120
Non-deductible input tax expense		42,343
Net operating loss carry over (NOLCO)		**(3,914,588)**
Applicable tax rate		30%
Income tax expense (benefit)	₱	**(1,174,376)**

The details of the Company's deferred tax asset consist of:

		2017
Deferred tax asset:		
NOLCO	₱	**(3,914,588)**
Applicable tax rate		30%
	₱	**(1,174,376)**

NOTE 16 – SUPPLEMENTARY INFORMATION UNDER RR 15-2010

In compliance with the requirements set forth by RR 15 – 2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

I. Notes disclosure pursuant to RR 15-2010:

Value added tax (VAT)

Details of the Company's net sales/receipts and input VAT accounts are as follows:

a. Input VAT

		2017		
		Tax base		**Vat input**
Current year's domestic purchases:				
Purchases of goods	₱	10,525	₱	1,263
Purchase of services		1,058,167		126,980
Balance at March 31	₱	**1,068,692**	₱	**128,243**

Taxes and Licenses

Taxes and licenses consist of the following:

		2017
SEC registration	₱	182,310
Documentary stamp tax		112,500
Mayor's permit		106,399
Community tax certificate		8,950
Others		517
	₱	**410,676**

<u>Taxes withheld</u>

Details of withholding tax are as follows:

a. Withholding tax on compensation

		2017
Total withholding tax payable for the period	₱	292,914
Less: Payments from December 2016-March 2017		194,659
Withholding tax due and payable	₱	**98,255**

b. Expanded withholding tax

		2017
Total withholding tax payable for the period	₱	49,040
Less: Payments from December 2016-March 2017		33,435
Withholding tax due and payable	₱	**15,605**

Notes

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