THERMAX

Thermax Limited

Annual Report of Subsidiary Companies 2018-19

About the Cover

Scoring a bull's-eye implies the perfect interplay of one's own preparedness through practice, patience and perseverance; and the ability to gauge external weather conditions. As businesses continue to operate in a volatile and ever-changing environment, the need of the hour is to constantly review and enhance their capabilities, keeping the target in focus and strike when the time is right.

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

Auditors

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

Chief Executive Officer

Upsen Umale

Corporate Office

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

Bankers

HDFC Bank Limited
Union Bank of India
State Bank of India

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty-eighth Annual Report of the company for the year ended March 31, 2019.

FINANCIAL RESULTS

(Rs. in lakh)

Particulars	2018-19	2017-18
Total Income	**4851.2**	10359.67
Profit before depreciation	**321.04**	1799.81
Depreciation	**9.51**	42.47
Profit before tax	**311.53**	1757.34
Provision for taxation including deferred tax	**277.59**	1026.79
Profit after tax	**33.94**	730.55

STATE OF COMPANY'S AFFAIRS

For the year under review, the company's total income is Rs. 4851.20 lakh compared to Rs. 10359.67 lakh in the previous year. The company's profit before tax is Rs.311.53 lakh (previous year, Rs. 1757.34 lakh) and profit after tax of Rs. 33.94 lakh (previous year Rs. 730.55 lakh).

The company has order balance of Rs.2201 lakh as on March 31, 2019 which is lower than the previous order balance of Rs.5268 lakh due to continuous sluggishness as well as lower order transfer from holding company. The reason for decrease in profit is due to the lower revenue than previous year.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

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

HEALTH AND SAFETY

Health and Safety at project sites is of paramount importance to the company. The company strives for continuous improvement and its objective is to establish world class safety practices at sites. Safety culture is inculcated as part of day operations by site managers. During the year, 1'S campaign, near miscomputing & fire safety campaign conducted at various sites. OHSAS 18001.2007 continues to be implemented at sites in addition to being implemented at Head Office. As a result of special focus on health & safety the company has received an appreciation from HMEL, RIL, IOCL.

DIVIDEND

Considering decrease in the profit of the company, your Directors do not recommend any dividend this 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. 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 make 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 of 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 company has adequate internal financial controls and those are operating effectively.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. 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.

BOARD MEETINGS

The Board met four times on May 05, 2018, July 24, 2018, November 02, 2018 and January 29, 2019 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The company is in compliance with the revised secretarial standards.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Committee met four times during the year on May 05, 2018, July 24, 2018, November 02, 2018 and January 29, 2019. The Committee comprises 3 (Three) members, all being non-executive Directors namely Mr. Ajay Joshi (Chairman), Mr. Ashok K. Joshi and Mr. Amitabha Mukhopadhyay.

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises three members, all being non-executive Directors namely Mr. Pravin Karve (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met once during the year on January 29, 2019, where all the members were present.

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 comprises three members namely Mr. Ashok K. Joshi (Chairman), Mr. Pravin Karve and Mr. Ajay Joshi.

Mr. Ajay Joshi is appointed as member of the committee w.e.f. November 2, 2018 in place of Mr. Amitabha Mukhopadhyay. The Committee met once during the year on January 29, 2019, where all the members were present.

As part of its initiatives under CSR, the Company has donated Rs. 13.47 lakh to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 2".

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore requirements of disclosure of RPTs in Form AOC-2 are not attracted.

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

EXTRACT OF ANNUAL RETURN

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

CONSERVATION OF ENERGY

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

TECHNOLOGICAL ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

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

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

AUDITORS

M/s. SRBC & Co. LLP, Chartered Accountants are the statutory auditors of the Company till the conclusion of 29th Annual General Meeting.

ACKNOWLEDGEMENTS

The Board of Directors takes 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 08, 2019	DIN:01806781	DIN:06714708

Annexure - 1

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

The Nomination & Remuneration (NRC) has prepared '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, due emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

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

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

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

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

(2) Remuneration:

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

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

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

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

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

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

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

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

Annexure - 2

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken**

   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. Ajay Joshi (w.e.f. November 2, 2018)

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. 673 lakh.

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

   Prescribed CSR Expenditure is Rs. 13.47 lakh (2% of Rs. 673 lakh). Amount contributed to Thermax Foundation is Rs. 13.47 Lakh.

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

   a) Total amount donated: Rs13.47 lakh

   b) Total amount to be spent for the financial year: Rs. 13.47 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 27, 2019. The company along with the holding company monitors the CSR amount spent on the approved Projects.

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

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

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

ANNEXURE 3

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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 Contact Details : +91-020-66122100
VI. Whether listed company	:	No
VII. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NSDL Database Management Limited Address : 4th Floor, Trade World, A wing, Kamala Mills Compound, Lower Parel, Mumbai - 400013 Contact Details : 022-49142700

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Installation of industrial machinery and equipment	33200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associates	% of Shares held	Applicable section
1	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	100	2(46)
2	Thermax Engineering Construction FZE Dangote Industries, Free Zone Development Company, LFZ, Lekki Coastal Road, LBEJU, Lekki Lagas, Nigeria	NA	Subsidiary	100	2(87)(ii)

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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		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 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
		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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018)	% of total shares of the company				No. of shares	% of total shares of the company
------------------------------------NIL------------------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018)	% of total shares of the company				No. of shares	% of total shares of the company
1	Ravinder Advani	10	0	--	--	--	10	0

V. INDEBTEDNESS

Indebtedness of the company including interests 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 (01.04.2018)					
i)	Principal Amount	0	150.00	0	150.00
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	0	0	0
Total (i+ii+iii)		**0**	**150.00**	**0**	**150.00**
Change in indebtedness during the financial year					
Addition		0	900.00	0	900.00
Reduction		0	300.00	0	300.00
Net Change		**0**	**600.00**	**0**	**600.00**
Indebtedness at the end of the financial year (31.03.2019)					
i)	Principal Amount	0	750.00	0	750.00
ii)	Interest due but not paid	0	18.93	0	18.93
iii)	Interest accrued but not due	0	0	0	0
Total (i+ii+iii)		**0**	**768.93**	**0**	**768.93**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. lakh)

Sl.No.	Particulars of Remuneration	Total Amount
1.	Gross salary	----- NIL -----
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - - as % of profit - others, specify…	
5.	Others, please specify	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other Directors:

(Amount in Rs. lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Ajay Joshi	Ashok k. Joshi	-	-	-
	Fee for attending board / committee meetings	3.4	3.4	-	-	6.8
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	3.4	3.4	-	-	6.8
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 Remuneration (A+B)					
	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	46.08
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.14
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	--
2.	Stock Option	--
3.	Sweat Equity	--
4.	Commission - as% of profit - Others, specify	--
5.	Others, please specify	
	Total	**47.22**

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 Engineering Construction Company Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Place : Pune
Date : May 08, 2019

Independent Auditor's Report

To the Members of Thermax Engineering Construction Company Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Thermax Engineering Construction Company Limited** ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report but does not include the accompanying Ind AS financial statements and our auditor's report thereon.

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

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

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

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

In preparing the standalone Ind AS 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 Board of Directors and those charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 purposes of our audit;

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

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

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

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its key managerial person in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 26 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 16 to the standalone 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.

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 8, 2019

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, e requirements under paragraph 3 (i) (c) of the Order are not applicable to the Company.

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

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

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

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

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

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

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account it 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	200.42	AY 2009-10 to 2013-14	Income Tax Appellate Tribunal
Income-tax Act, 1961	Disallowance of expenditure	40.22	AY 2015-16	Commissioner of Income Tax (Appeals)
Andhra Pradesh Value Added Tax Act, 2005	Demand for Value added tax	4.47	FY 2006-07 to 2008-09	Sales Tax Appellate Tribunal, Hyderabad
Service Tax (Finance Act, 1994)	Dispute on demand for service tax on deemed material	660.35 (Net of Rs. 110.36 paid under protest)	FY 2008-09 to 2015-16	Custom, Excise and Service Tax Appellate Tribunal
	Dispute on Service tax on advance from Customer	315.88	FY 2009-10	
	Dispute regarding adjustment of excess service tax paid against tax liability in subsequent period	45.49	FY 2010-11	
Service Tax (Finance Act, 1994)	Dispute regarding service tax on notice pay recovery	2.81	FY 2012 to 2016	Custom, Excise and Service Tax Appellate Tribunal
Maharashtra Value Added Tax Act, 2002	Demand for Value added tax	9.18	FY 2012 - 2013	Assessing Officer

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

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

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

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

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.

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

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place of Signature: Pune
Date: May 8, 2019

Annexure 2 referred to in paragraph 2(g) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

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

We have audited the internal financial controls over financial reporting of **Thermax Engineering Construction Company Limited** ('the Company') as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place of Signature: Pune
Date: May 8, 2019

Balance Sheet as at March 31, 2019

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

Particulars	Note	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	3	14.57	32.52
Intangible assets	4	-	-
Financial assets			
Other financial assets	7 (a)	3.47	3.32
Deferred tax assets (net)	8(b)	-	-
Income-tax assets (net)		1,548.43	2,269.55
Other non-current assets	9 (a)	469.23	181.64
Total non-current assets		**2,035.70**	**2,487.03**
II. Current assets			
Financial assets			
(a) Trade receivables	5	3,137.19	4,531.03
(b) Cash and cash equivalents	10 (a)	321.11	769.51
(c) Loans	6	23.39	48.41
(d) Other financial assets	7 (b)	457.60	1,203.22
Other current assets	9 (b)	619.57	953.50
Total current assets		**4,558.86**	**7,505.67**
Total assets		**6,594.56**	**9,992.70**
Equity and liabilities			
I. Equity			
Equity share capital	11	450.00	450.00
Other equity	12	2,877.19	4,048.59
Total equity		**3,327.19**	**4,498.59**
II. Non-current liabilities			
Financial liabilities			
Trade payables	14 (a)	-	13.41
Total non-current liabilities		**-**	**13.41**
III. Current liabilities			
Financial liabilities			
(a) Borrowings	13	750.00	150.00
(b) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	14 (b)	2.08	3.41
- total outstanding dues of creditors other than micro enterprises	14 (b)	1,914.60	3,161.38
(c) Other financial liabilities	15	100.07	263.70
Other current liabilities	17	328.78	1,580.74
Provisions	16	77.63	321.47
Income tax liabilities (net)		94.21	-
Total current liabilities		**3,267.37**	**5,480.70**
Total equity and liabilities		**6,594.56**	**9,992.70**

Summary of significant accounting policies, 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 and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited

per Tridevlal Khandelwal
Partner
Membership No. 501160

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 8, 2019

Place: Pune
Date: May 8, 2019

Statement of profit and loss for the year ended March 31, 2019

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

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	18	4,711.52	10,071.09
Other income	19	139.68	288.58
Total Income (I)		**4,851.20**	**10,359.67**
Expenses			
Employee benefits expense	20	504.07	1,670.06
Finance cost	21	34.77	149.37
Depreciation and amortisation expense	22	9.51	42.47
Other expenses	23	3,991.32	6,740.43
Total expenses (II)		**4,539.67**	**8,602.33**
Profit before tax (I-II)		**311.53**	**1,757.34**
Tax expense			
Current tax	8 (a)	223.30	323.00
Tax for earlier years		54.29	-
Deferred tax	8 (b)	-	703.79
Total tax expense		**277.59**	**1,026.79**
Profit for the year		**33.94**	**730.55**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		0.21	45.98
Less: Income tax effect	8 (a)	-	(12.79)
		0.21	**33.19**
Net other comprehensive income for the year, net of tax.		**0.21**	**33.19**
Total comprehensive income for the year		**34.15**	**763.74**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2019: 10/-)] Basic and Diluted	25	**0.75**	**16.23**
Summary of significant accounting policies, 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 and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited

per Tridevlal Khandelwal
Partner
Membership No. 501160

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 8, 2019

Place: Pune
Date: May 8, 2019

Cash flow statements for the year ended March 31, 2019

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

Particulars	Note	Year Ended March 31, 2019	Year Ended March 31, 2018
A) Cash flows from operating activities			
Profit before tax		311.53	1,757.34
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment	22	9.51	42.23
Amortization of intangible assets	22	-	0.24
Provision for impairment allowance of financial assets (net)	23	466.02	(1,000.56)
Finance costs	21	34.77	149.37
Bad debts written off	23	60.07	616.94
Profit / (Loss) on sale/discard of assets (net)	19 & 23	(38.73)	2.73
Interest income	19	(36.97)	(102.38)
Liabilities no longer required written back	19	(63.98)	(186.20)
Working capital adjustments			
(Decrease) / Increase in Trade receivables	5	867.75	(219.44)
Decrease in Loans & Other financial assets	6 & 7	770.64	4,806.39
Decrease in Other assets	9	46.34	259.40
(Decrease) in Trade payables	14	(1,197.54)	(1,628.89)
(Decrease) / Increase in Provisions	16	(243.84)	113.98
(Decrease) / Increase in Other financial liabilities	15	(163.63)	111.10
(Decrease) in Other liabilities	17	(1,251.96)	(345.21)
Cash generated from operations		**(430.02)**	**4,377.04**
Direct taxes paid (net of refunds received)		537.73	(438.92)
Net cash inflow from operating activities		**107.71**	**3,938.12**
B) Cash flows from investing activities			
Sale of property, plant and equipment		48.02	0.75
Purchase of property, plant and equipment	3	(0.85)	(4.22)
Interest received		36.83	102.28
Net cash flows used in investing activities		**84.00**	**98.81**
C) Cash flows from financing activities			
Borrowings taken during the year	13	900.00	(2,950.00)
Borrowings repaid during the year		(300.00)	-
Dividend Paid		(1,205.34)	-
Interest paid		(34.77)	(228.33)
Net cash flows used in financing activities		**(640.11)**	**(3,178.33)**
Net increase in cash and cash equivalents		**(448.40)**	**858.60**
Cash and cash equivalents at the beginning of the year	10 (a)	769.51	(89.09)
Cash and cash equivalents at the end of the year		**321.11**	**769.51**

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

Particulars	Note	March 31, 2019	March 31, 2018
Cash and cash equivalents	10 (a)	321.11	769.51
Balances as per Cash flow statement		**321.11**	**769.51**

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 Engineering Construction Company Limited

per Tridevlal Khandelwal
Partner
Membership No. 501160

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 8, 2019

Place: Pune
Date: May 8, 2019

Notes to financial statements for the year ended March 31, 2019

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

Statement of changes in Equity for the year ended March 31, 2019

A) Equity Share Capital

Particulars	Notes	March 31, 2019	March 31, 2018
Balance at the beginning of the year	11	450.00	450.00
Changes in equity shares capital during the year	11	-	-
Balance at the end of the year		450.00	450.00

B) Other Equity

Particulars	Reserves & Surplus		
	General reserve	Retained Earnings	Total
As at April 1, 2017	**525.21**	**2,759.64**	**3,284.85**
Profit for the year	-	730.55	730.55
Other Comprehensive Income	-	33.19	33.19
As at March 31, 2018	**525.21**	**3,523.38**	**4,048.59**
Profit for the year	-	33.94	33.94
Other Comprehensive Income	-	0.21	0.21
Total comprehensive income	525.21	3,557.53	4,082.74
Dividends paid (Inclusive of dividend distribution tax)	-	1,205.55	1,205.55
As at March 31, 2019	**525.21**	**2,351.98**	**2,877.19**

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 ofthe 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 08, 2019.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4.

(b) Basis of measurement

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

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

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

2.2 Changes in accounting policies and disclosures

The Company has adopted Ind AS 115 w.e.f. April 1,2018. The nature and effect of the changes as a result of adoption of this new Accounting Standard are described below:

Several other amendments and interpretations apply for the first time in

March 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 was issued on March 28, 2018 and supersedes lnd AS II Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

On transition to lnd AS 115, the Company has elected to adopt the new revenue standard as per modified retrospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2018. The comparative financial statements for year ended March 31, 2018 are not restated.

2.3 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 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. 29)

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

Notes to financial statements for the year ended March 31, 2019

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

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 from Contracts with customers

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The company has following streams of revenue:

i. ***Revenue from Engineering, Procurement and Construction contracts***

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

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

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

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

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

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

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

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

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

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

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

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

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

ii. Revenue from Sale of goods

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

iii. Revenue from Sale of services

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

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are recorded in balance sheet as unbilled revenue.

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

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

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

Revenue is recognized when the Company's right to receive the payment 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 ofthe 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 ifthe asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms ofthe 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 (FYOCI): A debt instrument is classified as FYOCI 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 ofthe 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 (FYTPL): Debt instruments not classified as amortised cost or FYOCI are classified as FYTPL. The Company has classified any debt under this category.

Notes to financial statements for the year ended March 31, 2019

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

De- recognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is

primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has

transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow

in full to a third party under a pass through arrangement and either

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

b) Has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

- Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on I2-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 ErR 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.

Notes to financial statements for the year ended March 31, 2019

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

i. Share capital

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue ofnew 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 ocr 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 ofthe 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 OCl or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCl or directly in equity.

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

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

k. Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs in connection with the arrangement of borrowings. Borrowing costs attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

l. Leases

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

Company as a lessee

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

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

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

m. Impairment of non-financial assets

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

Notes to financial statements for the year ended March 31, 2019

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

groups ofassets. When the carrying amount ofan 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 ofdisposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth . To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent period, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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

n. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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

Provision for onerous contracts

A provision fur unerous cunLracts is recognized when the expected benetits 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. Ifthe 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 32. The Company intends to adopt these standards, if applicable when they become effective.

2.4 Significant accounting judgments, estimates and assumptions

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

Judgements

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

i. Revenue from contracts with customers

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

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.

Notes to financial statements for the year ended March 31, 2019

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

i. Constructions contracts:

• Provisions for liquidated damages claims (LOs): 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 LOs 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 53.95 was outstanding as at March 31, 2019 (March 31,2018 INR 217.96)

ii. Impairment of non-financial assets

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

iii. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) 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 27.

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 IO 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 ifestimates of projected future taxable income change or if changes in current tax regulations are enacted. Refer note 8(b) for further details.

3. Property, Plant and Equipment

Particulars	Plant and Equipment	Office Equip-ment	Computer	Vehicles	Total
Gross carrying amount					
As at April 01, 2017	**626.90**	**45.21**	**65.56**	**87.17**	**824.84**
Additions	0.55	-	3.67	-	4.22
Disposals	(23.03)	(13.17)	(13.72)	(6.42)	(56.34)
As at March 31, 2018	**604.42**	**32.04**	**55.51**	**80.75**	**772.72**
Additions	0.85	-	-	-	0.85
Disposals	(371.68)	(23.59)	(21.68)	(15.40)	(432.35)
As at March 31, 2019	**233.59**	**8.45**	**33.83**	**65.35**	**341.22**
Accumulated depreciation					
As at April 01, 2017	**563.02**	**39.54**	**62.24**	**86.30**	**751.10**
Charge for the year	35.29	4.64	1.74	0.56	42.23
Disposals/Adjustments	(20.96)	(12.73)	(13.33)	(6.11)	(53.13)
As at March 31, 2018	**577.35**	**31.45**	**50.65**	**80.75**	**740.20**
Charge for the year	8.25	0.59	0.67	-	9.51
Disposals/Adjustments	(363.71)	(23.59)	(20.36)	(15.40)	(423.06)
As at March 31, 2019	**221.89**	**8.45**	**30.96**	**65.35**	**326.65**
Net Block					
As at March 31, 2019	**11.70**	**-**	**2.87**	**-**	**14.57**
As at March 31, 2018	**27.07**	**0.59**	**4.86**	**-**	**32.52**

4. Intangible Assets

Particulars	Computer Software
Gross carrying amount	
As at April 01, 2017	**1.88**
Additions	-
Disposals	(1.88)
As at March 31, 2018	**-**
Additions	-
Disposals	-
As at March 31, 2019	**-**
Accumulated amortisation	
As at April 01, 2017	**1.37**
Amortisation charge for the year	0.24
Disposals	(1.61)
As at March 31, 2018	**-**
Amortisation charge for the year	-
Disposals	-
As at March 31, 2019	**-**
Net Block March 31, 2019	**-**
Net Block March 31, 2018	**-**

The Company had elected to continue with the carrying value of property, plant and equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation / amortisation above, for information purpose only. The total accumulated depreciation / amortisation as at April 1, 2015 was Rs. 550.38.

5 Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
At amotized cost		
Trade receivables		
Receivables from related parties (refer note 28)	504.74	1,086.09
Others	3,586.39	3,932.86
Total receivables	**4,091.13**	**5,018.95**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	3,137.19	4,531.03
Trade Receivables which have a significant increase in credit risk	953.94	487.92
Trade Receivables - credit impaired	-	-
	4,091.13	**5,018.95**
Less: Impairment allowance (including provision for bad and doubtful debts)	953.94	487.92
Total	**3,137.19**	**4,531.03**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. None of the 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 28.

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

6 Current loans

Particulars	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Unsecured, considered good		
Loans to staff and workers	2.45	20.73
Security deposits*	20.94	27.68
Total	**23.39**	**48.41**

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.

7 Other financial assets

(a) Other non current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
At Amortized Cost		
Bank deposits with maturity of more than 12 months^^	3.47	3.32
Total	**3.47**	**3.32**

^^Above bank deposits are pledged as margin money.

(b) Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Interest accrued on fixed deposits	0.68	0.53
Contract Assets		
- Unbilled revenue (refer note 18)	456.92	1,202.69
Total	**457.60**	**1,203.22**

Notes to financial statements for the year ended March 31, 2019

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

8 (a) Income Taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss

Particulars	As at March 31, 2019	As at March 31, 2018
Current income tax charge		
Current income tax	223.30	323.00
Adjustments in respect of current income tax of previous year	54.29	-
Deferred tax		
Relating to origination and reversal of temporary differences	-	703.79
Income tax expense reported in the statement of profit or loss	**277.59**	**1,026.79**

Other comprehensive income

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	-	12.79
Income tax charged/(credited) to OCI	**-**	**12.79**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018

Particulars	As at March 31, 2019	As at March 31, 2018
Accounting profit before tax	311.53	1,757.34
At India's statutory income tax rate of 27.82 % (March 31, 2018: 33.063%)	86.67	581.03
Effects of non-deductible business expenses	5.48	17.74
Effect of change in tax rates	-	(58.70)
Reversal of deferred tax asset	-	370.14
Adjustments in respect of current income tax of previous year	54.29	-
Effect of non recognition of deferred tax assets due to absence of future taxable profits	32.08	-
Other differences - Difference between book base and tax base for various items	99.07	116.58
At the effective tax rate of 89.10 % (March 31, 2018: 58.43%)	277.59	1,026.79
Income tax expense reported in the statement of profit or loss	**277.59**	**1,026.79**

(b) Deferred Taxes

Statement of profit & loss/ other comprehensive income

Particulars	As at March 31, 2019	As at March 31, 2018
Derecognition of deferred tax assets in absence of future taxable profits	-	716.58
Deferred tax expense/ income	**-**	**716.58**

Balance sheet

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax asset on		
Statutory dues deductible on payment under section 43B of Income-tax Act, 1961	30.24	74.68
Provision for doubtful debts, liquidated damages and other provisions	285.47	156.19
Difference in written down values of PPE and intangible assets	62.81	80.58
Others	-	34.99
Total	**378.52**	**346.44**

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

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	**-**	**716.58**
Tax (expense)/ income during the period recognised in profit or loss	-	(703.79)
Tax (expense)/ income during the period recognised in OCI	-	(12.79)
Closing balance	**-**	**-**

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

9 Other assets

(a) Other non current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Sales tax recoverable	53.57	68.48
Balances with government authorities	415.66	113.16
Total	**469.23**	**181.64**

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

(b) Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Advance to supplier	18.60	62.72
Advances to staff and workers	3.67	36.03
Prepaid expenses	1.36	4.87
Balances with government authorities	404.46	792.75
Others*	191.48	57.13
Total	**619.57**	**953.50**

* Represents surplus fund balance for the payment of gratuity

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

Notes to financial statements for the year ended March 31, 2019

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

10 (a) Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Cash and cash equivalents		
Balances with banks - in current accounts	321.11	769.43
Cheques, drafts on hand	-	0.08
Total	**321.11**	**769.51**

(b) Changes in liabilities arising from financing activities

Particulars	Borrowings	Accrued interest on borrowings
As at April 1, 2018	150.00	-
Cash flow	600.00	17.74
Changes in fair values	-	-
Others -	-	
As at March 31, 2019	**750.00**	**17.03**

Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

11 Share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized shares (Nos)		
10,000,000 (March 31, 2018: 10,000,000) equity shares of Rs. 10/- each	1,000.00	1,000.00
	1,000.00	**1,000.00**
Issued, subscribed and fully paid share capital (Nos)		
4,500,000 (March 31, 2018: 4,500,000) equity shares of Rs. 10/- each	450.00	450.00
Total issued, subscribed and fully paid-up share capital	**450.00**	**450.00**

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

Particulars	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
As at April 1, 2017	4,500,000
Changes during the period	-
As at March 31, 2018	4,500,000
Changes during the period	-
As at March 31, 2019	**4,500,000**

(b) Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by holding company

Particulars	As at March 31, 2019	As at March 31, 2018
Thermax Limited		
4,500,000 (March 31, 2018: 4,500,000) equity shares of Rs. 10/- each fully paid	450.00	450.00

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

Particulars	Thermax Limited
As at March 31, 2019	
%	100.00
No. of shares	4,500,000
As at March 31, 2018	
%	100.00
No. of shares	4,500,000

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

12 (a) Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Reserves and surplus		
General reserve	525.21	525.21
Retained earnings		
Opening Balance	3,523.38	2,759.64
Add Profit for the year	33.94	730.55
Less : Dividends Paid	1,000.00	-
Less : Tax on dividend	205.55	-
	(1,205.55)	-
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gains/(losses) on defined benefit plans, net of tax {Deferred tax charge Rs. Nil, (March 2018 - benefit Rs.(12.79)}	0.21	33.19
Net Surplus in statement of profit & loss	**2,351.98**	**3,523.38**
Total	**2,877.19**	**4,048.59**

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.

(b) Distribution proposed

Particulars	March 31, 2019	March 31, 2018
Proposed dividend on equity shares:		
Dividend for the year ended March 31, 2019: Rs. Nil per share (March 31, 2018: Rs. 22.22 per share)	-	1,000.00
Dividend distribution tax on final dividend	-	205.55
	-	**1,205.55**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at the reporting date.

Notes to financial statements for the year ended March 31, 2019

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

13 Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Current borrowings		
Unsecured	750.00	150.00
From Related Party (refer note 28)		
Total	**750.00**	**150.00**
Aggregate secured loans	-	-
Aggregate unsecured loans	750.00	150.00

Current borrowings

Secured loans from banks includes working capital facilities by way of cash credit which are secured by hypothecation of book debts of the company and carries an interest of 10.90% p.a (March 31, 2018: 10.90%) and repayable on demand.

The unsecured loan has been taken from Thermax Limited (Holding company) at the interest rate of 10.05% p.a. (March 31, 2018: 10.15%) and repayable on demand or within six months to eleven months.

14 Trade payables

(a) Non current trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables	-	13.41
Total	**-**	**13.41**

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

(b) Current trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	2.08	3.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 28)	534.20	395.51
(ii) Others	1,380.40	2,765.87
Total	**1,916.68**	**3,164.79**

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

For terms and conditions with related parties, refer note 28.

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

Particulars	March 31, 2019	March 31, 2018
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	2.08	3.41
Interest due thereon	-	-
The amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

15 Other current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Interest accrued but not due on loans (refer note 28)	17.03	-
Employee related payables	83.04	263.70
Total	**100.07**	**263.70**

16 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for leave encashment	23.68	103.51
	23.68	**103.51**
Other provisions		
Provision for onerous contracts	53.95	217.96
	53.95	**217.96**
Total	**77.63**	**321.47**

Provision for onerous contracts

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Notes to financial statements for the year ended March 31, 2019

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

Movement in provisions

Particulars	Provision for onerous contracts March 31, 2019	March 31, 2018
At the beginning of the year	217.96	121.55
Arising during the year	11.80	177.50
Provision (utilized)/(reversed) during the year	(175.81)	(81.09)
At the end of the year	**53.95**	**217.96**

17 **Other current liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Unearned revenue (refer note 18)	233.46	1,331.50
Customer advance	66.25	181.74
Statutory dues and other liabilities*	29.07	67.50
Total	**328.78**	**1,580.74**

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

18 **Revenue from operations**

(a) **Revenue from contracts with customers:**

Particulars	March 31, 2019	March 31, 2018
Revenue from services	4,711.16	10,069.71
Total revenue from contracts with customers	**4,711.16**	**10,069.71**

(b) Other operating income

Particulars	March 31, 2019	March 31, 2018
Sale of Scrap	-	2.45
Net Exchange fluctuation gain / (loss)	0.36	(1.07)
	0.36	**1.38**

c) Disclosure pursuant to Ind AS 115: Revenue from Contracts with Customers

i) Revenue by category of contracts

Particulars	March 31, 2019
Over a period of time basis	4,691.12
At a point-in-time basis	20.04
Total revenue from contracts with customer	**4,711.16**

Revenue by geographical market

Particulars	March 31, 2019
Within India	4,711.16
Outside India	-
Total revenue from contracts with customer	**4,711.16**

ii) Contract balances (Continuing operations)

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

Particulars	March 31, 2019
Trade receivables	3,137.19
Unbilled revenue (Contract asset)	456.92
Unearned revenue (Contract liability)	233.46
Customer advances (Contract liability)	66.25

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables when the rights become unconditional.

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

iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period

Particulars	March 31, 2019
Unearned revenue	1,229.50
Customer advance	91.08

iv) Changes in unbilled revenue and unearned revenue for the year

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below;

Particulars	March 31, 2019
Opening unbilled revenue (refer note 7(b))	**1,202.69**
Opening unearned revenue (refer note 17)	**1,331.50**
- Transfer of contract assets to receivable from opening unbilled revenue	930.02
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	1,229.50
- Transfer of contract assets to receivable	3,359.41
- Increase in revenue as a result of changes in the measure of progress	3,481.66
- Other	69.46
Closing unbilled revenue (refer note 7(b))	**456.92**
Closing unearned revenue (refer note 17)	**233.46**

* includes adjustments on account of onerous contracts, impairment allowance for the year etc

v) Performance obligations

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

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

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

Remaining performance obligations

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

Particulars	March 31, 2019
Amount of revenue yet to be recognised for contracts in progress as on March 31, 2019	2,201.89

The Company expects that a significant portion of the remaining performance obligation will be met in next 12-24 months.

The Company applies practical expedient included in para 121 of Ind AS 115 and

Notes to financial statements for the year ended March 31, 2019

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

does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price

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

Revenue from construction contracts (disclosure pursuant to erstwhile Ind AS 11)

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

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

19 Other income

Particulars	March 31, 2019	March 31, 2018
Profit on sale of asset	38.73	-
Liabilities no longer required written back	1.90	69.78
Interest income	36.97	102.38
Miscellaneous income	62.08	116.42
Total	**139.68**	**288.58**

20 Employee benefits expense

Particulars	March 31, 2019	March 31, 2018
Salaries and wages	403.37	1,472.93
Contribution to provident and other funds	59.60	105.37
Gratuity expense (refer note 27)	0.51	18.17
Staff welfare expenses	40.59	73.59
Total	**504.07**	**1,670.06**

21 Finance costs

Particulars	March 31, 2019	March 31, 2018
Interest expense	34.77	149.37
Total	**34.77**	**149.37**

22 Depreciation and amortization expense

Particulars	March 31, 2019	March 31, 2018
Depreciation on property, plant & equipment (refer note 3)	9.51	42.23
Amortization of intangible assets (refer note 4)	-	0.24
Total	**9.51**	**42.47**

23 Other expenses

Particulars	March 31, 2019	March 31, 2018
Power and fuel	5.81	10.94
Rent (refer note 26B)	109.29	209.30
Site expenses and contract labour charges	132.26	395.43
Erection & commissioning expenses	2,891.12	5,762.37
Advertisement and sales promotion	1.01	5.74
Rates and taxes	26.35	45.69
Insurance	2.35	7.20
Repairs and maintenance		
Building	2.58	7.81
Others	9.01	19.89
Travelling and conveyance	131.82	362.93
Legal and professional fees	51.54	59.44
Audit fees (refer note 24(b))	8.36	7.23
Director's sitting fees (refer note 28)	6.80	7.10
Corporate cost allocation (refer note 28)	14.00	56.32
Bad debts/ advances written off	60.07	616.94
Loss on sale/disposal of assets	-	2.73
Provision for / (reversal of) impairment allowance of financial assets - net	466.02	(1,000.56)
CSR expenditure (refer note 24(a))	13.47	6.95
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	59.46	156.98
Total	**3991.32**	**6,740.43**

24 (a) Corporate social responsibility (CSR)

Particulars	March 31, 2019	March 31, 2018
Gross amount required to be spent by the Company during the year	13.47	6.95
Total	**13.47**	**6.95**

Amount spent during the year

Particulars	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2019			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	13.47	-	13.47
	13.47	**-**	**13.47**
During the year ended March 31, 2018			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	6.95	-	6.95
	6.95	**-**	**6.95**

*The amount of Rs. 13.47 (March 31, 2018; Rs 6.95) is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India) (also refer note no 28 Related party transactions).

(b) Payment to auditors

Particulars	March 31, 2019	March 31, 2018
As auditor		
Tax audit fee	6.00	6.90
In other capacity		
Other services	2.00	-
Reimbursement of expenses	0.36	0.33
Total	**8.36**	**7.23**

Notes to financial statements for the year ended March 31, 2019

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

25 Earnings Per Share

Particulars	March 31, 2019	March 31, 2018
Net profit attributable to the equity shareholders of the Company	33.94	730.55
Weighted average number of Equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share	0.75	16.23

26 Contingent Liabilities and commitments

A Contingent liabilities

a) Taxes

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs. 1,132.09, (March 31, 2018 Rs 1,132.09) ; Sales tax Rs. 78.69, (March 31, 2018 Rs. 176.24).

ii) Income tax demands disputed in appellate proceedings are Rs. 22.46 (March 31, 2018 Rs. 22.46)

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. 150.96 (March 31, 2018 Rs. 185.20)

b) Other contingent liabilities

i) There are numerous interpretation issues relating to the Supreme Court judgement dated February 28, 2019 on Provident fund. Pending clarity on this issue, the Company has not recorded any impact of the same in the accounts.

B Capital and other commitment

a) Lease commitments

i. Operating lease: Company as lessee

The company has taken certain office premises and a warehouse on operating lease. The tenure of such leases is for a period of one year. Lease rentals are charged to the Statement of Profit and Loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing. (Also refer note 32)

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

Particulars	March 31, 2019	March 31, 2018
~~Lease payments for the year~~	~~109.29~~	~~209.30~~
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

27A. Gratuity

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	225.75	220.35	5.40
Current service cost	18.50	-	18.50
Interest (expense) /income	15.20	15.53	(0.33)
Total amount recognised in Profit or Loss	**33.70**	**15.53**	**18.17**
Experience adjustments	(35.97)	-	(35.97)
Actuarial gain from change in financial assumptions	(8.40)	-	(8.40)
Return on plan assets (expense)/ income	-	1.61	(1.61)
Total amount recognised in Other comprehensive income	**(44.37)**	**1.61**	**(45.98)**
Employer contributions	-	3.16	(3.16)
Benefits paid	(15.29)	(15.29)	-
Liability for employees transferred	(31.56)	-	(31.56)
March 31, 2018	**168.23**	**225.36**	**(57.13)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	**168.23**	**225.36**	**(57.13)**
Current service cost	5.70	-	5.70
Interest (expense)/ income	12.97	18.16	(5.19)
Total amount recognised in Profit or Loss	**18.67**	**18.16**	**0.51**
Experience adjustments	0.52	-	0.52
Actuarial loss from change in financial assumptions	0.98	-	0.98
Return on plan assets (expense)/ income	-	1.71	(1.71)
Total amount recognised in Other comprehensive income	**1.50**	**1.71**	**(0.21)**
Employer contributions	-	-	-
Benefits paid	(0.77)	(0.77)	-
Liability for employees transferred	(134.65)	-	(134.65)
March 31, 2019	**52.98**	**244.46**	**(191.48)**

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

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	52.98	168.23
Fair value of plan assets	244.46	225.36
Plan (assets)	**(191.48)**	**(57.13)**

Notes to financial statements for the year ended March 31, 2019

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

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.47%	7.73%
Salary growth rate	5.00%	5.00%
Expected return on plan assets	8.00%	8.00%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	6% to 14%	6% to 14%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2019	March 31, 2018
Discount rate		
1.00% increase	Decrease by 3.85	Decrease by 10.51
1.00% decrease	Increase by 4.36	Increase by 11.91
Future salary increase		
1.00% increase	Increase by 4.15	Increase by 11.27
1.00% decrease	Decrease by 3.73	Decrease by 10.11
Attrition Rate		
1.00% increase	Increase by 0.74	Increase by 2.16
1.00% decrease	Decrease by 0.84	Decrease by 2.44

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, 2019	March 31, 2018
Within next 12 months	3.93	12.30
Between 2-5 years	16.54	87.89
Between 5-10 years	23.64	48.50

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2018: 11 Years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Investments with Insurer (LIC of India)	100.00%	100.00%

28 Related party disclosures

Names of related parties and related party relationship:

Related parties where control exists

Holding company	Thermax Limited, India
Ultimate holding company	RDA Holdings Private Limited, India
Subsidiary company	Thermax Engineering Construction FZE, Nigeria

Related parties 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 directors of the Holding Comapany.

Thermax Foundation - Earlier known as Thermax Social Initiative Foundation

C. Key management Personnel:

Mr. Upsen S Umale- Chief Executive Officer

D. Independent Directors

Mr. Ajay Joshi - Independent Director

Mr. Ashok Joshi - Independent Director

F. Transactions with related parties:

Particulars	Holding Company		Entities Controlled by Holding Company		Independent Director		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
a. Transactions during the year								
Sales of products and services	1268.67	7,313.34	-	-	-	-	**1,268.67**	**7,313.34**
Sale of Fixed assets	28.19	-	-	-	-	-	**28.19**	**-**
Recovery of expenses	445.92	101.70	-	-	-	-	**445.92**	**101.70**
Reimbursement of expenses	275.30	81.39	-	-	-	-	**275.30**	**81.39**
Reimbursement of remuneration for key management personnel	44.99	47.10	-	-	-	-	**44.99**	**47.10**
Corporate social responsibility		-	13.47	6.95	-	-	**13.47**	**6.95**
Director's sitting fees								
-Mr. Ajay Joshi		-	-	-	3.40	3.40	**3.40**	**3.40**
-Mr. Ashok Joshi		-	-	-	3.40	3.70	**3.40**	**3.70**
Commission paid	12.16	14.42	-	-	-	-	**12.16**	**14.42**
Repair & maintenance	3.36	6.73	-	-	-	-	**3.36**	**6.73**
Corporate cost allocation	17.51	56.32	-	-	-	-	**17.51**	**56.32**
Interest expenses on intercorporate loan	34.22	147.62	-	-	-	-	**34.22**	**147.62**
Rent paid	40.49	60.84	-	-	-	-	**40.49**	**60.84**
Dividend paid	1,000.00	-	-	-	-	-	**1,000.00**	**-**

Notes to financial statements for the year ended March 31, 2019

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

F. Balances with related parties:

Particulars	Holding Company		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
b. Balances as at the year end				
Trade receivables	504.74	1,086.09	**504.74**	**1,086.09**
Interest Accrued on intercorporate loan	17.03	-	**17.03**	**-**
Intercorporate loan	750.00	150.00	**750.00**	**150.00**
Trade payables and other liabilities	534.20	395.51	**534.20**	**395.51**

G. Commitments

Thermax Limited has issued corporate guarantee to Union bank of India on behalf of the Company for securing non fund based limits of INR 9,000.00 as on March 31, 2019 (March 31, 2018: INR 9,000.00).

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 March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

Particulars	March 31, 2019	March 31, 2018
Trade receivables (refer note 5)	3,137.19	4,531.03
Loans (refer note 6)	23.39	48.41
Other financial assets (refer note 7)	461.07	1,206.54
Cash and cash equivalents (refer note 10(a))	321.11	769.51
Total	**3,942.76**	**6,555.49**
Current assets	3,939.29	6,552.17
Non-current assets (refer note 7(a))	3.47	3.32
Total	**3,942.76**	**6,555.49**

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

Break up of financial liabilities carried at amortised cost

Particulars	March 31, 2019	March 31, 2018
Borrowings (refer note 13)	750.00	150.00
Trade payable (refer note 14)	1,916.68	3,178.20
Employee related payables (refer note 15)	83.04	263.70
Other liabilities (refer note 15)	17.03	-
Total	**2,766.75**	**3,591.90**
Current liabilities	2,766.75	3,578.49
Non current liabilities (refer note 14(a))	-	13.41
Total	**2.766.75**	**3,591.90**

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

30 (a) Financial risk management

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

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

I Market risk

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

II Credit risk

Credit risk is the risk that 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 note5. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordance with the Thermax group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

III Liquidity risk

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

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the company's liquidity management

Notes to financial statements for the year ended March 31, 2019

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

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, 2019	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	750.00	-	-
Trade Payables	1,916.68	-	-
Other financial liabilities			
Employee related payables	83.04	-	-
Interest accrued but not due on loans	17.03	-	
March 31, 2018	**< 1 year**	**1 to 3 years**	**> 3 years**
Non- derivative			
Borrowings	150.00	-	-
Trade Payables	3,164.79	13.41	-
Other financial liabilities			
Employee related payables	263.70	-	-
Interest accrued but not due on loans	-	-	-

31 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2018 and March 31, 2019. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2019	March 31, 2018
Borrowings	750.00	150.00
Trade payables	1,916.68	3,178.20
Less: Cash and cash equivalents	(321.11)	(769.51)
Net debt	2,345.57	2,558.69
Equity	**3,327.19**	**4,498.59**
Capital and net debt	**5,672.76**	**7,057.28**

32 Standards issued but not yet effective

(a) Ind AS 116 - Accounting for Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

(b) Others

Standards	Impacts
• Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment • Ind AS 19 Employee Benefits • Ind AS 23 Borrowing Costs • Ind AS 28 Investments in Associates and Joint Ventures • Ind AS 109 Financial Instruments • Ind AS 111 Joint Arrangements	These amendments are unlikely to affect materially the Company's financial statements

33. Event after reporting date

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

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

Amitabha Mukhopadhyay
Director
DIN: 01806781

Pravin Karve
Director
DIN: 06714708

Upsen Umale
CEO

Place: Pune
Date: May 8, 2019

THERMAX INSTRUMENTATION LIMITED

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

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

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

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

Branch offices
1. Unit 3, Ninth (9th) Floor Galleria Corparate Center
EDSA - II Carner Ortigas Avenue
Quezon City, Manila Philippines

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

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

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

Directors' Report

Dear Shareholder,

The Directors present the Twenty Third Annual Report for the year ended March 31, 2019.

FINANCIAL RESULTS (Rs. in lakh)

Particulars	2018-2019	2017-2018
Total Income	**18,507.35**	11,181.49
Profit before Depreciation	**1,632.97**	2,190.64
Depreciation	**77.35**	70.83
Profit before Tax	**1,555.62**	2,119.81
Provision for Taxation including Deferred Tax	**698.26**	882.88
Profit after tax	**857.36**	1,236.93

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 18,507.35 (previous year Rs 11,181.49 lakh). Profit before tax stood at Rs. 1,555.62 (previous year Rs. 2,119.81 lakh) and profit after tax is Rs. 857.36 (previous year Rs. 1,236.93 lakh).

Profit for the year is lower owing to pressure on margins and overrun in some projects. The order booking in the current year was Rs.20,890 lakh (previous year Rs. 20,935 lakh).

In Financial Year 2018-19 the company has completed 5 Power plants and successfully executed 3 overseas contracts including the largest order from a customer in the Middle east.

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 has continued to focus on safety at sites and has achieved most of the safety KPI's.

The company's performance in this area has been recognized by many of its customers including awards from two leading cement manufacturers for best safety performance.

The company has successfully completed revalidation of OSHAS 18001.

DIVIDEND

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

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

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

SHARE CAPITAL

The Paid up equity 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, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

The Board of Directors at its meeting held on May 7, 2019 have passed resolution for redemption of 1% Non-cumulative Redeemable Preference Shares of face value Rs 10/- each aggregating Rs 10 crores (Rupees Ten Crores) prior to due date (i.e June 30, 2020).

During the year under review, the company has initiated process of dematerializing the securities of the company held in physical form.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PUBLIC DEPOSITS

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid / unclaimed deposit(s) as on March 31, 2019.

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 economic 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.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

KEY MANAGERIAL PERSONNEL (KMP)

There was no change in the KMP of the company during the year.

DIRECTORS

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

DECLARATION BY INDEPENDENT DIRECTORS

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

MANAGER

The term of Mr. M. L. Bindra as a Manager of the company has expired on May 5, 2019.

The company has re-appointed Mr. M L Bindra as a 'Manager' of the company for a period of one year effective from May 5, 2019. Necessary resolution for the regularization has been included in the notice of ensuing Annual General Meeting of the company.

BOARD MEETINGS

The Board met five times on May 4, 2018, July 25, 2018, November 1, 2018, January 28, 2019 and February 26, 2019 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The company is in compliance with the revised secretarial standards.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee met four times during the year on May 4, 2018, July 25, 2018, November 1, 2018 and January 28, 2019 where all members were present. The Committee comprises of 3 (Three) members, all being non-executive directors namely Mr. Ajay Joshi (Chairman), Mr. Amitabha Mukhopadhyay and Mr. Ashok K. Joshi.

NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met once during the year on January 28, 2019 where all members were present.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In view of the requirements under the Companies Act, 2013, the company has formed a Corporate Social Responsibility (CSR) Committee and approved a CSR Policy. The Committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met once during the year on January 28, 2019 where all members were present.

As per the aforesaid policy, the company would continue its CSR initiatives through Thermax Foundation. As part of its initiatives under CSR, the Company has donated Rs. 39.64 lakh to Thermax Foundation. A Report on CSR activities is annexed as *Annexure 1*.

RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore requirements of disclosure of Related Party Transactions in AOC-2 are not attracted.

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

EXTRACT OF ANNUAL RETURN

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

CONSERVATION OF ENERGY

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

TECHNOLOGICAL ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(Rs. in lakh)
Foreign currency earnings	10,215.70
	(*previous year* 3,384.34)
Foreign currency outgo	8,600.66
	(*previous year* 2,445.06)

PARTICULARS OF EMPLOYEES

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

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

AUDITORS

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

ACKNOWLEDGEMENTS

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

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

Place: Pune,	**Amitabha Mukhopadhyay**	**Ravinder Advani**
Date: May 22, 2019	Director	Director
	DIN: 01806781	DIN: 01677195

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. 19.82 crore.

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

Prescribed CSR Expenditure is Rs. 39.64 lakh (2% of Rs. 19.82 crore). Amount contributed to Thermax Foundation is Rs. 39.64 lakh.

5. Details of CSR spent during the financial year.

a) Total amount donated: Rs 39.64 lakh.
b) Total amount to be spent for the financial year: Rs 39.64 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 13, 2019. 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
(Manager)

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 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, 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 Section 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 are agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual 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, 2019

[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	:	NSDL Database Management Limited +4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: 022 4914 2700 Fax: 022-24994200 Website: www.ndml-nsdl.co.in

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:- ***(updated information will be given once financials are ready)***

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	80.49%
2	Operation and Maintenance	45207	19.51%

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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A) (2)	**-**	**8999994**	**8999994**	**100**	**-**	**8999994**	**8999994**	**100**	**0**
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI	-------------------------------------NIL-------------------------------------								
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	-------------------------------------NIL-------------------------------------								
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	-------------------------------------NIL-------------------------------------								
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	6	6	0	-	6	6	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
- Directors Relative	-------------------------------------NIL-------------------------------------								
- Trusts									
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2):-	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**9000000**	**9000000**	**100**	**-**	**9000000**	**9000000**	**100**	**0**

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

Sl No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		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

SlNo.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
		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 Shareholding 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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% 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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% 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 (01.04.2018)				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in lakh)

	Particulars of Remuneration	Total Amount
1	Gross salary	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) 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 lakh)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Ajay Joshi	Ashok K. Joshi	-	-	
	Fee for attending board / committee meetings	4.90	4.90			9.80
	Commission	NIL				
	Others, please specify					
	Total(1)	4.90	4.90			9.80
2.	Other Non-Executive Directors Directors	Amitabha Mukhopadhyay	B. C Mahesh	Ravinder Advani		
	Fee for attending board /	-------------------------------------NIL--------------------------				
	Committee meetings					
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises					
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

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

(Amount in lakh)

Sl.no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary (Sudhir Lale)	**Chief Financial Officer (Harish Tikotkar)**	**Total**
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.12	18.05	35.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.10	0.36	0.46
	(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	**17.22**	**18.41**	**35.63**

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 22, 2019

Amitabha Mukhopadhyay
Director
DIN: 01806781

Ravinder Advani
Director
DIN: 01677195

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Instrumentation Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Thermax Instrumentation Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at Philippines and Zambia.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on financial information of the branches, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report but does not include the accompanying Ind AS financial statements and our auditor's report thereon.

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

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

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

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

In preparing the Ind AS 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 Board of Directors and those charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

We did not audit the financial statements and other financial information of 2 (two) branches included in the accompanying Ind AS financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 2,549.52 Lakhs as at March 31, 2019 and the total revenues of Rs. 3,951.19 Lakhs for the year ended on that date, as considered in the financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of these matters.

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 based on our audit and on the consideration of report of the other auditors on financial information of branches, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

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

(d) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;

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

(f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

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

(h) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 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 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.

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 22, 2019

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 were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

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

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

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

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

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

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

Name of the statute	Nature of the dues	Amount* (Rs. in lakhs)	Period to which the amount relates	Due Date	Date of Payment
National Internal Revenue Code of 1997 (Philippines)	Tax deducted at source under section 57	221.80	Calendar year 2015 and 2016	Various	Not paid

*Excluding interest and Penalty, if any thereon.

The Company has remitted the tax payable along with interest subsequent to the year end.

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

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

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

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the 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 22, 2019

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, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

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

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 22, 2019

Balance Sheet as at March 31, 2019

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

Particulars	Note No	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	4	**176.62**	182.82
Financial assets:			
Trade receivables	5 (a)	**737.37**	589.31
Deferred tax assets (net)	6 & 19	**86.55**	74.70
Income tax assets (net)		**2,441.51**	2,247.85
Other non-current assets	7 (a)	**563.38**	527.09
Total non-current assets		**4,005.43**	3,621.77
II. Current assets			
Financial assets:			
(a) Investments	8	**2,594.87**	2,701.93
(b) Trade receivables	5 (b)	**3,833.11**	3,218.82
(c) Cash and cash equivalents	9 (a)	**2,169.94**	2,193.79
(d) Bank balances other than (c) above	9 (b)	**-**	0.32
(e) Loans	10	**17.06**	14.21
(f) Other financial assets	11	**1,061.42**	801.16
Other current assets	7 (b)	**962.37**	971.39
Total current assets		**10,638.77**	9,901.62
Total		**14,644.20**	13,523.39

Particulars	Note No	As at March 31, 2019	As at March 31, 2018
Equity and Liabilities			
I. Equity			
Equity share capital	12	**900.00**	900.00
Other equity	13	**2,528.32**	1,699.35
Total equity		**3,428.32**	2,599.35
II. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	14	**-**	773.97
(b) Trade payables	15 (a)	**431.48**	314.62
Deferred tax liabilities (net)	19	**-**	138.69
Other non-current liabilities	17 (a)	**204.47**	2.10
Total non-current liabilities		**635.95**	1,229.38
III. Current liabilities			
Financial liabilities:			
(a) Trade payables			
- total outstanding dues of micro and small enterprises	15 (b)	**0.23**	31.42
- total outstanding dues of creditors other than micro and small enterprises	15 (b)	**4,144.86**	3,002.88
(b) Other financial liabilities	16	**1,166.56**	184.34
Other current liabilities	17 (b)	**5,042.20**	6,285.02
Provisions	18	**226.08**	189.74
Income-tax liabilities (net)		**-**	1.26
Total current liabilities		**10,579.93**	9,694.66
Total		**14,644.20**	13,523.39
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 22, 2019

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

Ravinder Advani
Director
DIN: 01677195

Amitabha Mukhopadhyay
Director
DIN: 01806781

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: May 22, 2019

THERMAX INSTRUMENTATION LIMITED

Statement of profit and loss for the year ended March 31, 2019

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

Particulars	Note No.	March 31, 2019	March 31, 2018
Income			
Revenue from operations			
Sale of Services		**17,629.64**	10,608.28
Operating Income		**138.11**	68.68
Revenue from operations	20	**17,767.75**	10,676.96
Other income	21	**739.60**	504.53
Total Income (I)		**18,507.35**	11,181.49
Expenses			
Project bought-out and components		**404.97**	310.40
Employee benefits expense	22	**2,702.21**	2,296.89
Finance cost	23	**240.00**	115.71
Depreciation expense	24	**77.35**	70.83
Other expenses	25 (a)	**13,527.20**	6,267.85
Total Expenses (II)		**16,951.73**	9,061.68
Profit before tax (I-II)		**1,555.62**	2,119.81
Tax expense			
Current tax	26	**848.81**	1,022.77
Deferred tax	26	**(150.55)**	(139.89)
Total tax expense		**698.26**	882.88
Profit for the year		**857.36**	1,236.93
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	27		
Net (loss) / gain on translation of foreign operations		**(22.21)**	63.26
Less: Income tax effect		-	-
		(22.21)	63.26
B. Items that will not be reclassified subsequently to profit or loss	27		
Re-measurement (loss) / gain of defined benefit plan		**(6.18)**	11.99
Less: Income tax effect		**-**	(4.15)
		(6.18)	7.84
Total other comprehensive income for the year (net of tax)		**(28.39)**	71.10
Total comprehensive income for the year		**828.97**	1,308.03
"Earning per equity share [Nominal value Rs. 10 each (March 31, 2018: Rs. 10)] Basic and diluted"	28	**9.53**	13.74
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	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Thermax Instrumentation Limited**	
ICAI Firm Reg No.324982E/E300003		
per Tridevlal Khandelwal	**Ravinder Advani**	**Amitabha Mukhopadhyay**
Partner	Director	Director
Membership No. 501160	DIN: 01677195	DIN: 01806781
	Harish Tikotkar	**Sudhir Lale**
	Chief Financial Officer	Company Secretary
Place: Pune	Place: Pune	
Date: May 22, 2019	Date: May 22, 2019	

Cash Flow Statement for the year March 31, 2019

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

	Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A)	**Cash flows from operating activities**		
	Profit before tax	**1,555.62**	2,119.81
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation on Property, Plant & Equipment	**77.35**	70.83
	Provision for impairment allowance of financial assets (net)	**408.58**	135.39
	Interest expense	**13.97**	17.50
	Interest accretion on preference shares	**226.03**	98.21
	Loss on sale / discard of assets (net)	**2.46**	3.85
	Interest income from bank	**(0.02)**	(0.02)
	Interest income - others	**(27.23)**	-
	Dividend income	**-**	(5.71)
	Net foreign exchange differences (including effect of foreign exchange differences on cash and cash equivalents)	**41.22**	63.26
	Fair value gain on financial instruments at fair value through profit and loss (net)	**(239.85)**	(140.49)
	Liabilities no longer required written back	**(246.88)**	(187.74)
	Cash flows before working capital changes	**1,811.25**	2,174.89
	Working capital adjustments		
	(Increase) / Decrease in trade receivables	**(1,176.58)**	260.00
	(Increase) in other non-current assets	**(36.29)**	(254.74)
	(Increase) in other current financial assets	**(288.74)**	(107.82)
	(Increase) in other current assets	**(13.19)**	(52.21)
	(Increase) / Decrease in current loans	**(2.85)**	1.48
	Increase in trade payables	**1,467.44**	83.60
	Increase in other non-current liabilities	**202.37**	1,617.66
	(Decrease) in other current liabilities	**(1,242.82)**	-
	(Decrease) in other financial liabilities	**(17.78)**	(192.71)
	Increase / (Decrease) in provisions	**30.16**	(62.63)
	Total	**(1,078.28)**	(1,292.63)
	Cash generated from operations	**732.97**	3,467.52
	Direct taxes paid (net of refunds)	**(1,016.49)**	(1,384.17)
	Net cash (outflow) inflow from operating activities	**(283.52)**	2,083.35
B)	**Cash flows from/ (used in) investing activities**		
	Purchase of property, plant and equipment	**(73.72)**	(51.95)
	Redemption / (purchase) of investments (net)	**155.63**	(1,866.49)
	Interest income from bank	**0.02**	0.02
	Net proceeds from sale of property, plant and equipment	**0.11**	0.33
	Decrease in other bank balances	**0.32**	-
	Net gain on sale of investments	**191.28**	57.82
	Dividend income	**-**	5.71
	Net cash flows from (used in) investing activities	**273.64**	(1,854.56)
C)	**Cash flows from/ (used in) financing activities**		
	Interest paid	**(13.97)**	(17.50)
	Net cash flows (used in) financing activities	**(13.97)**	(17.50)
	Net (Decrease) / increase in cash and cash equivalents	**(23.85)**	211.29
	Cash and cash equivalents at the beginning of the year	**2,193.79**	1,982.50
	Cash and cash equivalents at the end of the year	**2,169.94**	2,193.79

Rewnuliaton of cash & cash equivalent as per Cash flow statement

	Note	March 31, 2019	March 31, 2018
Cash and cash equivalents	9(a)	2,169.94	2,193.79
Balances as per Cash flow statement		2,169.94	2,193.79

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 22, 2019

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

Ravinder Advani
Director
DIN: 01677195

Amitabha Mukhopadhyay
Director
DIN: 01806781

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: May 22, 2019

THERMAX INSTRUMENTATION LIMITED

Statement of Changes in Equity for the year ended March 31, 2019

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

A Equity share capital

	Note	March 31, 2019	March 31, 2018
Balance at the beginning of the year	12	900.00	900.00
Change in equity shares capital during the period	12	-	-
Balance at the end of the period	12	900.00	900.00

B Other equity

	Reserves and surplus			Items of OCI	Total Other Equity
	Capital reserve	Retained Earnings	Total	Foreign Currency Translation Reserve	
As at April 01, 2017	1,118.84	(835.71)	283.13	(52.02)	231.11
Profit for the year	-	1,236.93	1,236.93	-	1,236.93
Other Comprehensive Income	-	7.84	7.84	63.26	71.10
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2017 Rs. Nil)	-	160.21	160.21	-	160.21
As at March 31, 2018	1,118.84	569.27	1,688.11	11.24	1,699.35
Profit for the year	**-**	**857.36**	**857.36**	**-**	**857.36**
Other Comprehensive Income	**-**	**(6.18)**	**(6.18)**	**(22.21)**	**(28.39)**
As at March 31, 2019	1,118.84	1,420.45	2,539.29	(10.97)	2,528.32

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 22, 2019

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

Ravinder Advani
Director
DIN: 01677195

Amitabha Mukhopadhyay
Director
DIN: 01806781

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: May 22, 2019

Notes to financial statements for the year ended March 31, 2019
(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, Zambia and Sharjah 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. The Financial Statements were authorised for issue in accordance with the resolution of Board of Director on may 22, 2019

2. **Significant accounting policies**

2.1. Basis of preparation and measurement

(a) Basis of preparation

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

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

(b) Basis of measurement

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and

- defined benefit plans- Plan assets are measured at fair value.

2.2. Changes in accounting policies and disclosures

The Company has adopted Ind AS 115 w.e.f. April 1, 2018. The nature and effect of the changes as a result of adoption of this new Accounting Standard are described below:

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

On transition to Ind AS 115, the Company has elected to adopt the new revenue standard as per modified retrospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2018. The comparative financial statements for year ended March 31, 2018 are not restated.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

2.3 Summary of significant accounting policies

a. Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

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

Company's foreign branches

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

The assets and liabilities of foreign operations are translated into INR, which is the presentation currency of the Company, at the rate of exchange prevailing at the reporting date and their Statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Company uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation of branches are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Statement of profit and loss.

b. Fair value measurement

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

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

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

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

- 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 34)
- Financial instruments (including those carried at amortized cost) (note 34)

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 from Contracts with customers

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

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

The Company has following streams of revenue:

i. Revenue from Engineering, Procurement and Construction contracts

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

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

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or
(b) The customer controls the work-in-progress, or
(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

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

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

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

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

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

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

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

ii. Revenue from Sale of services

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

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are recorded in balance sheet as unbilled revenue.

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

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

Interest income

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

Dividend

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

Rental income

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

e. Financial instruments

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

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Debt instruments at amortized cost

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

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

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

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

Debt instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

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

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or

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

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

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

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

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

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

- Trade receivables or contract revenue receivables; and

- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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.

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 31 for segment information presented.

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

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 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 (2012-14) 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 32.

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 285.29 (March 31, 2018: 255.56) as at the balance sheet date.

Notes to financial statements for the year ended March 31, 2019

(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	Total
Gross carrying amount						
As at April 01, 2017	**12.22**	**304.19**	**151.09**	**226.15**	**94.27**	**787.92**
Additions	-	-	-	51.66	0.29	51.95
Disposals	-	-	(0.18)	(5.76)	(33.24)	(39.18)
As at March 31, 2018	**12.22**	**304.19**	**150.91**	**272.05**	**61.32**	**800.69**
Additions	-	-	-	58.24	15.48	73.72
Disposals	-	-	-	(3.42)	(14.63)	(18.05)
As at March 31, 2019	**12.22**	**304.19**	**150.91**	**326.87**	**62.17**	**856.36**
Accumulated depreciation						
As at April 01, 2017	**3.45**	**168.16**	**105.67**	**220.05**	**84.71**	**582.04**
Charge for the year	0.18	10.15	4.87	52.27	3.36	70.83
Disposals	-	-	(0.06)	(3.36)	(31.58)	(35.00)
As at March 31, 2018	**3.63**	**178.31**	**110.48**	**268.96**	**56.49**	**617.87**
Charge for the year	0.18	10.16	4.91	57.80	4.30	77.35
Disposals	-	-	-	(1.70)	(13.78)	(15.48)
As at March 31, 2019	**3.81**	**188.47**	**115.39**	**325.06**	**47.01**	**679.74**
Net Block						
As at March 31, 2019	**8.41**	**115.72**	**35.52**	**1.81**	**15.16**	**176.62**
As at March 31, 2018	**8.59**	**125.88**	**40.43**	**3.09**	**4.83**	**182.82**

Details of assets taken on operating lease:

	March 31, 2019	March 31, 2018
Cost/Deemed cost	12.22	12.22
Accumulated depreciation	3.81	3.63
Net carrying amount	8.41	8.59

* The Company had elected to continue with the carrying value of property, plant and equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation / amortisation above, for information purpose only. The total accumulated depreciation / amortisation as at April 1, 2015 was Rs. 537.21.

5 Trade receivables

5 (a) Non current trade receivables

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**737.37**	589.31
(ii) Others	**-**	-
Total receivables	**737.37**	589.31
Break-up of security details		
Secured, considered good	**-**	-
Unsecured, considered good	**737.37**	589.31
Trade Receivables which have a significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**-**	-
	737.37	589.31
Less: Impairment allowance	**-**	-
Total	**737.37**	589.31

5 (b) Current trade receivables

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**905.63**	1,362.59
(ii) Others	**2,927.48**	1,856.23
Total receivables	**3,833.11**	3,218.82
Break-up of security details		
Secured, considered good	**89.82**	303.20
Unsecured, considered good	**3,743.29**	2,915.62
Trade Receivables which have a significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**846.46**	461.83
	4,679.57	3,680.65
Less: Impairment allowance	**(846.46)**	(461.83)
Total	**3,833.11**	3,218.82

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 33.

6 Deferred tax assets (net)

	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Unrealized foreign exchange gain	**(9.57)**	(14.23)
	(9.57)	(14.23)
Deferred tax assets		
Provision for doubtful receivables	**-**	0.32
Items allowed on payment basis	**52.01**	88.61
	52.01	88.93
Deferred tax assets (net)	**42.44**	74.70

7 (a) Other non-current assets

	As at March 31, 2019	As at March 31, 2018
Balances with government authorities		
Unsecured considered good	**563.38**	527.09
Unsecured considered doubtful	**108.36**	149.51
	671.74	676.60
Less : Impairment allowance	**(108.36)**	(149.51)
Total	**563.38**	527.09

7 (b) Other current assets

	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Advances to supplier	**539.44**	495.82
Advances to employees	**27.79**	13.33
Prepaid expenses	**67.94**	46.27
Balances with government authorities	**273.20**	195.33
Prepaid employee benefits (note 32)	**43.71**	55.51
Others	**10.29**	165.13
Total	**962.37**	971.39

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

8 Current investments

	Face value	As at March 31, 2019	As at March 31, 2018
Investments at Fair value through Statement of profit and loss			
Investments in Mutual Funds :			
Liquid/ liquid plus and duration funds (unquoted)			
ICICI Pru-Money Market Fund -Direct Growth	Rs. 100	**-**	622.85
UTI Liquid Fund - Cash Plan - Direct Growth	Rs. 1,000	**486.17**	-
Kotak Liquid Direct Plan Growth	Rs. 1,000	**301.89**	13.32
Aditya Birla Sun Life Floating Rate Fund STP-Growth- Direct	Rs. 100	**-**	757.11
ABSL Liquid Fund Fund-Growth-Direct Plan	Rs. 100	**422.53**	-
SBI Liquid Fund - Direct - Growth	Rs. 1,000	**462.41**	-
SBI Magnum Insta Cash - Direct - Growth	Rs. 1,000	**-**	200.86
IDFC Cash Fund - Direct - Growth	Rs. 1,000	**-**	150.46
DSP Liquidity Fund-Direct-Growth	Rs. 1,000	**434.25**	-
TATA Liquid Fund-Dir-Growth	Rs. 1,000	**487.62**	-
TATA Money Market Fund - Direct Plan - Growth	Rs. 1,000	**-**	957.33
		2,594.87	**2,701.93**
Number of units held for above investments			
ICICI Pru-Money Market Fund -Direct Growth		-	2,59,021.27
UTI Liquid Fund - Cash Plan - Direct Growth		**15,883.99**	-

Kotak Liquid Direct Plan Growth	**7,977.50**	378.10
Aditya Birla Sun Life Floating Rate Fund STP-Growth-Direct	**-**	3,26,359.88
ABSL Liquid Fund Fund-Growth-Direct Plan	**1,40,638.15**	-
SBI Magnum Insta Cash - Direct - Growth	**-**	5,226.54
SBI Liquid Fund - Direct - Growth	**15,789.62**	-
IDFC Cash Fund - Growth - Direct Plan	**-**	7,129.95
DSP Liquidity Fund-Direct-Growth	**16,243.60**	-
Tata Liquid Fund - Direct - Growth	**16,560.00**	-
TATA Money Market Fund - Direct Plan - Growth	**-**	34,959.73
Aggregate amount of unquoted investments	**2,594.87**	2,701.93
Aggregate amount of impairment in the value of investments	**-**	-

Investment in fair value through profit or loss reflect investment in unquoted equity securities. Refer note 34 for determination of their fair values

9 (a) Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts *	**2,100.94**	1,899.63
Cheques on hand (note 33)	**66.53**	294.00
Cash on hand	**2.47**	0.16
Total	**2,169.94**	**2,193.79**

* this includes bank balances of Rs. 1,761.34 (March 31, 2018 Rs. 1,624.04) 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, 2019	As at March 31, 2018
Deposits with original maturity of more than 3 months but less than 12 months**	-	0.32
Total	**-**	**0.32**

**pertains to deposit with Commercial Tax Officer, Indore

10 Current loans

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
At amortised cost		
Security deposits	**11.44**	7.60
Loans to employees	**5.62**	6.61
Total	17.06	14.21

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, 2019	As at March 31, 2018
At amortised cost		
Unbilled revenue (note 20)	**1,016.60**	753.74
Trade deposits	**44.82**	47.42
Total	1,061.42	801.16

Unbilled revenue is net of impairment allowance of Rs. 53.26 (March 31, 2018: Rs. 24.88) 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, 2019	As at March 31, 2018
Authorized shares (Nos)		
9,000,000 (March 31, 2018: 9,000,000) equity shares of Rs. 10/- each	**900.00**	900.00
	900.00	900.00
Issued, subscribed and fully paid share capital (Nos)		
9,000,000 (March 31, 2018: 9,000,000) equity shares of Rs. 10/- each	**900.00**	900.00
Total issued, subscribed and fully paid-up share capital	**900.00**	900.00

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

	No. of shares	Amount
Equity share of Rs. 10 each issued, subscribed and fully paid		
At April 01, 2017	**90,00,000**	900.00
Changes during the year	**-**	-
At March 31, 2018	90,00,000	900.00
Changes during the year	-	-
At March 31, 2019	90,00,000	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.

(c) Equity shares held by holding company

	As at March 31, 2019	As at March 31, 2018
Thermax Limited	**900.00**	900.00
9,000,000 (March 31, 2018: 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, 2019	As at March 31, 2018
Thermax Limited		
%	**100.00**	100.00
No. of shares	**90,00,000**	90,00,000

13 Other equity

	As at March 31, 2019	As at March 31, 2018
Reserves and surplus		
Capital reserve	**1,118.84**	1,118.84
Retained earnings		
Opening balance	**409.06**	(835.71)
Add: Profit for the year	**857.36**	1,236.93
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement (loss)/gain on post-employment benefit plans, net of tax Rs. Nil (March 31, 2018 Rs. 4.15)	**(6.18)**	7.84
Net Surplus in the Statement of profit and loss	**1,260.24**	409.06
Total Reserves and surplus	**2,379.08**	1,527.90
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	**11.24**	(52.02)
(Less)/Add: movement during the period	**(22.21)**	63.26
Closing balance	**(10.97)**	11.24
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2018 Rs. 65.82)	**160.21**	160.21
Total	**2,528.32**	1,699.35

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 Non-current borrowings

	As at March 31, 2019	As at March 31, 2018
1% Non-cumulative Redeemable Preference Shares at fair value^	**1,000.00**	773.97
10,000,000 Preference Shares of Rs 10/- each fully paid		
Total non current borrowings	**1,000.00**	773.97
Less: amount disclosed under the head		
“Other current financial liabilities” (note 16)	**1,000.00**	-
Total	**-**	773.97

^ This forms a part of the authorized share capital of 15,000,000 (March 31, 2018: 15,000,000) preference shares of Rs 10 each as per the Companies Act, 2013

Note: The Board of Directors of the Company, vide resolution dated May 7, 2019 have decided to redeem the preference shares prior to the scheduled due date of redemption (i.e. June 30, 2020). Accordingly, the notional interest cost has been accrued in the current financial year resulting in increase the carrying value of the borrowings at INR 1,000.

15 (a) Non current trade payables

	As at March 31, 2019	As at March 31, 2018
Trade payables		
Others	**431.48**	314.62
Total	**431.48**	314.62

15 (b) Current trade payables

	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro and small enterprises (note 15(c))	**0.23**	31.42
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related Parties (note 33)	**40.42**	71.08
(ii) Others	**4,104.44**	2,931.80
Total	**4,145.09**	3,034.30

For terms and conditions with related parties, refer note 33.

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, 2019	March 31, 2018
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	**0.23**	31.42
- 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	**0.06**	3.36
The amount of payment made to the supplier beyond the appointed day during the period	**-**	-
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, 2019	As at March 31, 2018
i) Fair value through Statement of profit and loss		
Current maturities of long-term borrowings (note 14)	**1,000.00**	-
At amortized cost		
Employee related payables	**101.23**	126.15
Customer deposits	**60.81**	58.19
Payable Against Tangible Assets	**4.52**	-
Total	**1,166.56**	184.34

17 (a) Other non-current liabilities

	As at March 31, 2019	As at March 31, 2018
Customer advances		
(i) Others	**139.06**	2.10
(i) Related Parties (refer note 33)	**65.41**	-
Total	**204.47**	2.10

17 (b) Other current liabilities

	As at March 31, 2019	As at March 31, 2018
Unearned revenue (note 20)	**1,489.67**	2,759.64
Customer advances		
(i) Related Parties (refer note 33)	**1,003.80**	46.08
(ii) Others	**2,259.37**	3,210.98
Statutory dues and other liabilities*	**289.36**	268.32
Total	**5,042.20**	6,285.02

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

18 Current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for leave encashment	**87.96**	70.49
	87.96	70.49
Other provisions		
Provision for onerous contracts	**138.12**	119.25
	138.12	119.25
Total	**226.08**	189.74

Movement in provisions for onerous contracts	**March 31, 2019**	March 31, 2018
As at April 1, 2018	**119.25**	182.11
Additional provision recognized	**72.13**	274.36
Provision (utilized)/ (reversed) during the year	**(53.26)**	(337.22)
As at March 31, 2019	**138.12**	**119.25**

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 (assets)/ liabilities

	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Retained earnings of foreign branches	**285.93**	259.68
Fair value adjustment of financial instruments	**14.14**	89.89
	300.08	349.57
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	**(33.81)**	(21.04)
Provision for doubtful receivables, advances, balance with government authorities, etc.	**(236.25)**	(131.71)
Disallowances under section 40(a) of the Income Tax Act, 1961	-	-
Provisions allowed on payment basis	**(29.77)**	(29.78)
Others	**(44.35)**	(28.35)
	(344.19)	(210.88)
Total deferred tax (asset) / liabilities	**(44.11)**	138.69

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

(a) Revenue from contracts with customers:

	March 31, 2019	March 31, 2018
Revenue from services	**17,629.64**	10,608.28
Total revenue from contracts with customers	**17,629.64**	10,608.28

Refer note no 2.2 in significant accounting policies relating to ‘Adoption of Ind AS 115’.

(b) Other operating income

	March 31, 2019	March 31, 2018
Sale of Scrap	**34.47**	68.68
Exchange fluctuation gain (net)	**103.64**	-
	138.11	68.68
Total revenue from operations	**17,767.75**	10,676.96

(c) Disclosure pursuant to Ind AS 115: Revenue from Contracts with Customers

i) Revenue by category of contracts:

	March 31, 2019
Over a period of time basis	**14,095.70**
At a point-in-time basis	**3,533.94**
Total revenue from contracts with customer	**17,629.64**

Revenue by geographical market

	March 31, 2019
Within India	**7,413.94**
Outside India	**10,215.70**
Total revenue from contracts with customer	**17,629.64**

ii) Contract balances

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

	As at March 31, 2019
Trade receivables	**4,570.48**
Unbilled revenue (Contract asset)	**1,016.60**
Unearned revenue (Contract liability)	**1,489.67**
Customer advances (Contract liability)	**3,263.17**

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables when the rights become unconditional.

The Contract liabilities relate to the unearned revenue (excess of billings or invoicing over revenue) and advance consideration received from customers and performance obligations still to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash position.

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

	March 31, 2019
Unearned revenue	**2,470.55**
Customer advance	**1,850.04**

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

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

	As at March 31, 2019
Opening unbilled revenue (refer note 11)	**753.74**
Opening unearned revenue (refer note 17b)	**2,759.64**
- Transfer of contract assets to receivable from opening unbilled revenue	**751.22**
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	**2,470.55**
- Transfer of contract assets to receivable	**11,744.71**
- Increase in revenue as a result of changes in the measure of progress	**11,625.15**
- Others*	**66.94**
Closing unbilled revenue (refer note 11)	**1,016.60**
Closing unearned revenue (refer note 17b)	**1,489.67**
* includes adjustments on account of onerous contracts, impairment allowance for the year etc	

v) Performance obligations

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

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

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

Remaining performance obligations

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

	March 31, 2019
Amount of revenue yet to be recognised for contracts in progress as on March 31, 2019	**22,308.28**

The Company expects that a significant portion of the remaining performance obligation will be met in next 12-24 months.

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

vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price

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

(d) Revenue from construction contracts (disclosure pursuant to erstwhile Ind AS 11)

	March 31, 2018
Contract Revenue recognised during the year	7,315.19
In respect of contracts in progress as at March 31, 2018 :	
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	1,03,771.16

	March 31, 2018
Customer advance outstanding for contracts in progress	2,616.12
Retention money due from customers for contracts in progress	880.76
Gross amount due from customers (disclosed as unbilled revenue (Refer note 11)	753.74
Gross amount due to customers (disclosed as unearned revenue (Refer note 17(b))	2,759.64

21 Other income

	March 31, 2019	March 31, 2018
Interest income from financial assets at amortized cost		
Bank deposits	**0.02**	0.02
Interest income from others	**27.23**	0.75
Dividend income on investments	**-**	5.71
Fair value gain on Mutual funds at fair value through profit and loss	**239.86**	140.49
Rent income (Refer note 30 (b)(ii))	**65.14**	62.16
Liabilities no longer required written back	**246.88**	187.74
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	**160.47**	107.66
Total	**739.60**	504.53

22 Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries and wages	**2,579.21**	2,187.43
Contribution to provident and other funds	**90.60**	76.65
Gratuity expense (note 32)	**13.33**	10.27
Staff welfare expenses	**19.07**	22.54
Total	**2,702.21**	2,296.89

23 Finance costs

	March 31, 2019	March 31, 2018
Interest accretion on borrowings (refer note 14)	**226.03**	98.21
Interest expense	**13.97**	17.50
Total	**240.00**	115.71

24 Depreciation expense

	March 31, 2019	March 31, 2018
Depreciation on property, plant and equipment (note 4)	**77.35**	70.83
Total	**77.35**	70.83

25 (a) Other expenses

	March 31, 2019	March 31, 2018
Consumption of stores and spare parts	**23.01**	33.88
Power and fuel	**39.62**	30.89
Freight & Forwarding Charges	**666.95**	-
Site expenses and contract labour charges	**11,414.51**	5,325.55
Advertisement and sales promotion	**8.73**	9.75
Rent (note 30 (b)(i))	**71.11**	68.37
Rates and taxes	**78.61**	86.69
Insurance	**58.15**	31.69
Repairs and maintenance		
Plant and machinery	**-**	0.19
Others	**5.43**	4.93
Travelling and conveyance	**289.53**	153.88
Legal and professional fees (includes payment to auditors; refer note 25(b))	**244.16**	181.73
Director's sitting fees (note 33)	**9.80**	8.20
Provision for impairment of financial assets (net of reversals)	**408.58**	135.39
Exchange fluctuation loss (net)	**-**	26.66
Loss on sale/ discard of assets (net)	**2.46**	3.85
Corporate Social Responsibility expenditure (Refer note 25(c))	**39.64**	30.38
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	**166.91**	135.82
Total	**13,527.20**	6,267.85

25 (b) Payment to auditors

	March 31, 2019	March 31, 2018
As auditor		
Audit fee	**6.50**	5.00
Services relating to branch audit	**9.10**	-
In other capacity		
Other services	**-**	3.00
Reimbursement of expenses	**0.29**	0.33
Total	**15.89**	8.33

25 (c) Corporate Social Responsibility

	March 31, 2019	March 31, 2018
Gross amount required to be spent by the Company during the year	**39.64**	30.38
Total	39.64	30.38

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2019			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	**39.64**	**-**	**39.64**
	39.64	**-**	**39.64**
During the year ended March 31, 2018			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	30.38	-	30.38
	30.38	-	30.38

* The amount is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India). Refer Note 33.

26 Income taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss

	As at March 31, 2019	As at March 31, 2018
Current income tax charge		
Current income tax	**848.81**	1,022.77
Deferred tax		
Relating to origination and reversal of temporary differences	**(150.55)**	(139.89)
Income tax expense reported in the Statement of profit and loss	**698.26**	**882.88**

Other Comprehensive Income

	As at March 31, 2019	As at March 31, 2018
Deferred tax related to items recognized in Other Comprehensive Income during the period		
Re-measurement of defined benefit plans	**-**	(4.15)
Income tax charged to Other Comprehensive Income	**-**	(4.15)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018

	As at March 31, 2019	As at March 31, 2018
Accounting profit before tax	**1,555.62**	2,119.81
At India's statutory income tax rate of 29.12% (March 31, 2018: 34.608%)	**453.00**	733.62
Reconciliation items and tax impact of the same		
Effects of income not subject to tax (Dividend income)	**-**	(5.71)
Effects of non-deductible business expenses	**19.88**	3.61
Deferred tax on unrealized profits of branches	**26.25**	15.59
Effect of changes in tax rates	**28.13**	(13.18)

Taxes paid on repatriation of branch profits	**145.36**	136.39
Others	**25.64**	12.56
At the effective tax rate of 43.65 % (March 31, 2018: 41.65%)	**698.26**	882.88
Income tax expense reported in the Statement of profit or loss	**698.26**	882.88

27 Components of Other Comprehensive Income (OCI)

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

During the year ended March 31, 2019

	Foreign currency translation	**Retained earnings**	**Total**
Foreign currency translation differences	**(22.21)**	**-**	**(22.21)**
Re-measurement gains on defined benefit plans	**-**	**(6.18)**	**(6.18)**
Total	(22.21)	(6.18)	(28.39)

During the year ended March 31, 2018

	Foreign currency translation	Retained Earnings	Total
Foreign currency translation differences	63.26	-	63.26
Re-measurement (losses) on defined benefit plans	-	7.84	7.84
Total	63.26	7.84	71.10

28 Earnings Per Share (EPS)

	March 31, 2019	March 31, 2018
Net profit attributable to the equity shareholders of the Company	**857.36**	1,236.93
Weighted average number of equity shares of Rs.10/- each (Nos.)	**90,00,000**	90,00,000
Basic and diluted EPS	**9.53**	13.74

29 Contingent liabilities

	March 31, 2019	March 31, 2018
Disputed VAT balances / liabilities (including Rs. 0.42 pertaining to Philippines branch)	**24.20**	19.93
Disputed liabilities pertaining to corporate income-tax for Philippines branch	**6.53**	5.53

There are numerous interpretation issues relating to the Supreme Court judgement dated February 28, 2019 on Provident fund. Pending clarity on this issue, the Company has not recorded any impact of the same in the accounts.

30 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, 2018 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, 2019	March 31, 2018
Lease payments for the year	**71.11**	68.37
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	**8.71**	6.21
After one year but not more than five years	**-**	-
More than five years	**-**	-

ii) Operating lease: Company as lessor

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

	March 31, 2019	March 31, 2018
Lease received for the year	**65.14**	62.16
Future minimum lease rental receivable under non-cancellable operating leases are as follows:		
Within one year	**-**	-
After one year but not more than five years	**-**	-
More than five years	**-**	-

31 Segment reporting

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

Information of geographical areas-

Sales revenue by geographical markets

Particulars	**March 31, 2019**	March 31, 2018
Within India	**7,552.05**	6,728.13
Outside India	**10,215.70**	3,948.83
Total	**17,767.75**	10,676.96

Non current assets by geographical segments *

Particulars	March 31, 2019	March 31, 2018
Within India	**3,181.51**	2,956.35
Outside India	-	1.41
Total	**3,181.51**	2,957.76

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

32 Gratuity

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

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	**99.14**	**154.65**	**(55.51)**
Current service cost	**17.72**	**-**	**17.72**
Interest expense / income	**6.90**	**11.29**	**(4.39)**
Total amount recognised in the Statement of profit and loss	**24.62**	**11.29**	**13.33**
Experience adjustments	**(6.79)**	**-**	**(6.79)**
Actuarial (gain)/loss from change in financial assumptions	**0.11**	**-**	**0.11**
Return on plan assets	**-**	**(12.86)**	**12.86**
Total amount recognised in Other Comprehensive Income	**(6.68)**	**(12.86)**	**6.18**
Employer contributions	**(4.43)**	**7.71**	**(12.14)**
Benefits paid	**(10.00)**	**(14.43)**	**4.43**
March 31, 2019	**102.65**	**146.36**	**(43.71)**

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

Particulars	**March 31, 2019**	**March 31, 2018**
Present value of funded obligation	**102.65**	99.14
Fair value of plan assets	**146.36**	154.65
Surplus of funded plan	**(43.71)**	(55.51)

III Significant estimates
The significant actuarial assumptions were as follows :

Particulars	**March 31, 2019**	March 31, 2018
Discount rate	**7.48%**	7.50%
Salary growth rate	**7%**	7%
Normal retirement age	**60 years**	60 years
Mortality table	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	10%	10%

IV Sensitivity analysis

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

Assumption	**Impact on defined benefit obligation**	
	March 31, 2019	March 31, 2018
Discount rate		
1.00% increase	decrease by Rs. 6.07	decrease by Rs. 5.85
1.00% decrease	increase by Rs. 6.81	increase by Rs. 6.55
Future salary increase		
1.00% increase	increase by Rs. 6.27	increase by Rs. 6.03
1.00% decrease	decrease by Rs. 5.70	decrease by Rs. 5.49
Attrition Rate		
1.00% increase	increase by Rs. 0.07	increase by Rs. 0.09
1.00% decrease	decrease by Rs. 0.08	decrease by Rs. 0.09

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, 2019**	March 31, 2018
Within next 12 months	**20.06**	12.65
Between 2-5 years	**53.26**	40.26
> 5 years	**41.55**	40.67

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2018: 7 years)

V The major categories of plan assets are as follows:

Particulars	**March 31, 2019**	March 31, 2018
Investments with Insurer (LIC of India)	**100.00%**	100.00%

33 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, 2019	**March 31, 2018**	
1	RDA Holdings Private Limited	India	**0%**	0%	Ultimate holding company
2	Thermax Limited	India	**100%**	100%	Holding company

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

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

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

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

D Key Management Personnel:

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

Transactions during the year

Particulars	Holding Company - Thermax Limited		Entities controlled by Holding company		Key Management Personnel and Individuals mentioned in B		Total	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Sales of services	**2,346.14**	**2,829.86**	-	-	-	-	**2,346.14**	**2,829.86**
Rent income	**62.50**	**59.52**	-	-	-	-	**62.50**	**59.52**
Recovery of expenses	**97.70**	**126.94**	-	-	-	-	**97.70**	**126.94**
Purchase of Property, Plant & Equipment	**0.27**	**0.21**	-	-	-	-	**0.27**	**0.21**
Purchase of project bought-out and components	**45.38**	-	-	-	-	-	**45.38**	-
Reimbursement of expenses	**434.03**	**411.24**	-	-	-	-	**434.03**	**411.24**
Remuneration to key management personnel *	**33.19**	**31.65**	-	-	**9.80**	**8.20**	**42.99**	**39.85**
Donation	-	-	**39.64**	**30.38**	-	-	**39.64**	**30.38**
Commission paid on corporate guarantee received	**7.72**	**4.33**	-	-	-	-	**7.72**	**4.33**
Rent paid	**60.50**	**57.60**	-	-	-	-	**60.50**	**57.60**

* Components of Remuneration to key management personnel including sitting fees to indendent director

Personnel	March 31, 2019	March 31, 2018
(a) Salary/ Retainership fees reimbursed to Thermax Limited		
Mr. Madan Lal Bindra	**12.00**	12.00
Mr. Harish Tikotkar	**21.19**	19.65
(b) Director sitting fees paid to independent directors		
Mr. Ajay Joshi	**4.90**	4.10
Mr. Ashok Joshi	**4.90**	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, 2019, the Company has recorded an impairment of receivables relating to amounts owed by related parties amounting to Rs Nil (March 31, 2018: 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."

Balances as at the year end

Particulars	Holding Company - Thermax Limited		Total	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Trade receivables	**1,643.00**	1,951.90	**1,643.00**	1,951.90
Trade payables	**40.42**	71.08	**40.42**	71.08
Borrowings^^	**1,000.00**	773.97	**1,000.00**	773.97
Customer advances	**1,069.21**	46.08	**1,069.21**	46.08
Cheques on hand	**66.53**	294.00	**66.53**	294.00
Guarantee/ letter of comfort received	**3,669.59**	1,858.15	**3,669.59**	1,858.15

^^pertain to the non-cumulative redeemable preference shares issued considered as borrowings. The said preference shares were due for redemption on March 29, 2018. The holding company has agreed for extension of redemption of preference shares from March 29, 2018 to June 30, 2020. The Board of Directors of the Company, vide resolution dated May 7, 2019 have decided to redeem these preference shares prior to the scheduled due date of redemption (i.e. June 30, 2020).

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

Terms and conditions for outstanding balances

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

34 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Trade receivables	**4,570.48**	3,808.13
Cash and cash equivalents	**2,169.94**	2,193.79
Bank balances other than cash and cash equivalents	**-**	0.32
Loans	**17.06**	14.21
Other financial assets	**1,061.42**	801.16
Total	**7,818.90**	6,817.61
Current assets	**7,081.53**	6,228.30
Non-current assets	**737.37**	589.31
Total	**7,818.90**	6,817.61

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, 2019	As at March 31, 2018
Investments	**2,594.87**	2,701.93
Total	**2,594.87**	2,701.93
Current assets	**2,594.87**	2,701.93
Non-current assets	**-**	-
Total	**2,594.87**	2,701.93

a. The fair values of the 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, 2019	As at March 31, 2018
Trade payable	**4,576.57**	3,348.92
Other liabilities	**1,166.56**	184.34
Total	**5,743.13**	3,533.26
Current liabilities	**5,311.65**	3,218.64
Non current liabilities	**431.48**	314.62
Total	**5,743.13**	3,533.26

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, 2019	As at March 31, 2018
Borrowings	**1,000.00**	773.97
Total	**1,000.00**	773.97
Current liabilities	**-**	-
Non current liabilities	**1,000.00**	773.97
Total	**1,000.00**	773.97

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, 2019 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, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2019	-	2,594.87	-
Financial liabilities				
Borrowings	March 31, 2019	-	-	1,000.00

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2018	-	2,701.93	-
Financial liabilities				
Borrowings	March 31, 2018	-	-	773.97

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

35 Financial risk management

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

I Market risk

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

The sensitivity analyses in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

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 profit before tax is due to changes in the fair value of assets and liabilities. The impact is stated in Rupees (denominated in Lakh) below:

	March 31, 2019	March 31, 2018
Decrease in US$ rate by 5%	**(81.51)**	(134.98)
Increase in US$ rate by 5%	**81.51**	134.98

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 :

Particulars	Less than 1 year	1 to 3 years	Total
As at March 31, 2019			
Borrowings	-	-	-
Trade payables	**4,145.09**	**431.48**	**4,576.57**
Other financial liabilities :			
Current maturities of long-tem borrowings	**1,000.00**	**-**	**1,000.00**

Employee related payables	**101.23**	**-**	**101.23**
Customer Deposits	**60.81**	**-**	**60.81**
	5,307.13	431.48	5,738.61
As at March 31, 2018			
Borrowings	-	-	-
Trade payables	3,034.30	314.62	3,348.92
Other financial liabilities :			
Current maturities of long-tem borrowings	-	1,000.00	1,000.00
Employee related payables	126.15	-	126.15
Customer Deposits	58.19	-	58.19
	3,218.64	1,314.62	4,533.26

36 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, 2019 and March 31, 2018. Capital represents equity attributable to Parent Company and is measured at Rs 3,428.32 (March 31, 2018: Rs. 2,599.35).

Particulars	March 31, 2019	March 31, 2018
Borrowings	**1,000.00**	773.97
Trade payables	**4,576.57**	3,348.92
Less: Cash and cash equivalents	**(2,169.94)**	(2,193.79)
Net debt	**3,406.63**	1,929.10
Equity	**3,428.32**	2,599.35
Capital and net debt	**6,834.95**	4,528.45

37 Recent accounting pronouncements

Ind AS 116 - Accounting for Leases

"Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements."

Standards	Impacts
• Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment • Ind AS 19 Employee Benefits • Ind AS 23 Borrowing Costs • Ind AS 28 Investments in Associates and Joint Ventures • Ind AS 109 Financial Instruments • Ind AS 111 Joint Arrangements	These amendments are unlikely to affect materially the Company's financial statements

For S R B C & CO LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Thermax Instrumentation Limited**	
ICAI Firm Reg No.324982E/E300003		
per Tridevlal Khandelwal	**Ravinder Advani**	**Amitabha Mukhopadhyay**
Partner	Director	Director
Membership No. 501160	DIN: 01677195	DIN: 01806781
	Harish Tikotkar	**Sudhir Lale**
	Chief Financial Officer	Company Secretary
Place: Pune	Place: Pune	
Date: May 22, 2019	Date: May 22, 2019	

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)

Registered Office

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

Auditors

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

Key Managerial Personnel

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

Corporate Office

Environment House,
Plot No 90-92, B4 Block
MIDC, Bhosari,
Pune - 411026.

Bankers

Corporation Bank
ICICI Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Tenth Annual Report of the company for the year ended March 31, 2019.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	**2018-19**	2017-18
Total income	**8932.1**	6537.24
Profit before depreciation	**1619.00**	1411.51
Depreciation	**27.39**	24.83
Profit before tax	**1591.61**	1386.68
Provision for taxation (incl. deferred tax)	**450.37**	378.37
Profit after tax	**1141.24**	1008.31

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 8932.10 lakh (previous year Rs. 6537.24 lakh). Profit before tax stood at Rs1591.61lakh (previous year Rs. 1386.68 lakh) and profit after tax was Rs.1141.24 lakh (previous year Rs.1008.31lakh).

In the year, the company started commercial steam supply operations to a synthetic yarn plant in Maharashtra and an organic extract plant in Karnataka. It also started commercial heat supply to a well-known snacks manufacturing company in West Bengal. Operations have stabilized well and these new and existing plants are running satisfactorily.

The company won a number of orders for utility supply in the year. It won two repeat orders, one from a Pharma customer for its plant in South India and second from a specialty chemicals customer based in Maharashtra. These repeat orders reflect the confidence posed by the customers in the company. In addition the company won steam supply contracts from new customers making confectionary, injectable products, specialty chemicals and tyres. The company also won its first order for supply of treated water to a polyester products company in Maharashtra.

Crude oil, furnace oil and other fossil fuels witnessed a sharp upswing during the year and it was instrumental in revival in fossil fuel replacement opportunities. With the increased attention to climate change and planned progressive renunciation of coal and other fossil fuels, the market for agro-waste based steam solutions is expected to grow steadily.

Water scarcity and the focus on water conservation, recycling and zero liquid discharge are also factors which are encouraging customers to look at efficiency and environment friendly waste water treatment and recycling solutions. Encouraged by the first breakthrough in water treatment solutions, the company will forge ahead to provide similar solutions to this segment in the coming year.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

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

HEALTH AND SAFETY

The company continues in its efforts to improve its Safety and Health standards. The company is an OHSAS 18001 certified for its energy services operations and during the year, the OHSAS 18001 surveillance audit was successfully completed with no non-conformances.

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

DIVIDEND

The Directors have recommended a dividend of Rs. 5/- (50%) per equity share of face value of Rs. 10/- each for distribution out of the Profits of the company for the financial year ended March 31, 2019, subject to the approval of shareholders. The dividend, if approved by the shareholders, will translate into a payout of Rs. 1124.18 lakh including dividend distribution tax of 191.68 lakh.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

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

SHARE CAPITAL

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

PUBLIC DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

BUSINESS RISK MANAGEMENT

The company is engaged in the business of providing environment friendly utilities (steam, heat, water, chilled water and other) to its customers. Risk is affected by macro-economic factors like interest rates, crude oil prices, forex currency fluctuations, electricity and other energy prices and their availability. It is also susceptible directly and indirectly to govt. policies related to renewable energy and conservation of natural resources. Global trends which affect customer's industries also tend to have a cascading effect on the company's business.

The company follows a structured risk management process supported by a Risk Management framework to manage risks emanating from external factors and internal actions. Risk Management is ingrained in the operations of the various functions of the company. During the year the company conducted company-wide risk management reviews at regular intervals to ensure compliance to its Risk Management framework and to identify areas for improving the same.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

KEY MANAGERIAL PERSONNEL (KMP)

There was no change in the Key Managerial Personnel(s) of the company during the year.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. M. S. Unnikrishnan, 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 26, 2018, July 23, 2018, October 29, 2018 and January 24, 2019 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)© of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

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

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

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

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

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

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The company is in compliance with the revised secretarial standards.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Committee met four times during the year on April 26, 2018, July 23, 2018, October 29, 2018 and January 24, 2019. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Mr. Sanjay Parande (Chairman), Mr. Sundar Parthasarathy and Mr. Amitabha Mukhopadhyay.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 23, 2018 and January 24, 2019, where all the members were present. The Committee comprises of three members, all being non-executive Directors namely Mr. Sundar Parthasarathy (Chairman), Mr. Sanjay Parande and Mr. Hemant Mohgaonkar.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with section 135 of the Companies Act 2013, the Board has constituted 'Corporate Social Responsibility (CSR) Committee'.The Committee met once during the year on January 24, 2019, where all the members were present. The Committee comprises of 3 (Three) members, namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Sundar Parthasarathy and Mr. Sanjay Parande.A Report on CSR activities is annexed as Annexure 2.

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

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

EXTRACT OF ANNUAL RETURN

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

CONSERVATION OF ENERGY

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

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 exchange earnings	5.75
Foreign exchange outgo	NIL

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 term of M/s. B. K. Khare & Co., Chartered Accountants, the Statutory Auditors expires at the ensuing Annual General Meeting as per Section 139 (2) read with rule 6 of Companies (Audit and Auditors) Rules, 2014.

ACKNOWLEDGEMENTS

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

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

	Amitabha Mukhopadhyay	Hemant Mohgaonkar
	Director	Director
Pune, April 30, 2019	DIN: 01806781	DIN: 01308831

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, 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.164ofthe Companies Act, 2013.

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

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

(2) Remuneration:

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

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

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

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

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

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

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

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

ANNEXURE 2

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

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

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

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

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

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

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

   Corporate Social Responsibility (CSR) Committee comprises as follows:

   1. Mr. Amitabha Mukhopadhyay (Chairman)
   2. Mr. Sanjay Parande
   3. Mr. Sundar Parthasarathy

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

   The average net profit of the company for the last three financial years is Rs. 9.746 crore.

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

   Prescribed CSR Expenditure is Rs. 19.50 lakh (2% of Rs. 9.746 crore.). Amount contributed to Thermax Foundation is Rs. 19.50 lakh.

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

   a) Total amount donated: 19.50 lakh

   b) Total amount to be spent for the financial year Rs.19.50 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 25, 2019. The company would monitor its CSR spent on specific projects from the current year.

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

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

Mr. Sriram Vishwanathan
(CEO)

Amitabha Mukhopadhyay
(Chairman of the CSR Committee)
DIN : 01806781

ANNEXURE 3

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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	:	NSDL Database Management Limited 4th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg , Lower Parel, Mumbai – 400013 Contact Details: 022-49142700

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	86
2	Other professional, scientific and technical activities	74909	14

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associates	% of Shares held	Applicable section
1	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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		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 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
		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				

Share holding 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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
---------------------------- NIL ---------------------------								

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% 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 i nterest 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 (01.04.2018)					
i)	Principal Amount	559.98	-	-	559.98
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.30	-	-	0.30
Total (i+ii+iii)		**560.28**	-	-	**560.28**
Change in indebtedness during the financial year					
Addition		-	-	-	-
Reduction		280.00	-	-	280.00
Net Change		**280.00**	-	-	**280.00**
Indebtedness at the end of the financial year (31.03.2018)					
i)	Principal Amount	279.97	-	-	279.97
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.15	-	-	0.15
Total (i+ii+iii)		**280.12**	-	-	**280.12**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act,1961	
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	- others, specify	
5	Others, please specify (Retrial benefits)	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

(Amount in Rs. lakh)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	**Sanjay Parande**	**Sundar Parthasarathy**	**-**	**-**	
	Fee for attending board / committee meetings	4.80	3.90			8.70
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	**4.80**	**3.90**	-	-	**8.70**
2.	Other Non-Executive Directors	**Amitabha Mukhopadhyay**	**Hemant Mohgaonkar**	**M. S. Unnikrishnan**	**Ishrat Mirza**	
	Fee for attending board /Committee meetings					
	Commission					
	Others, please specify					
	Rent for Premises					
	Security Deposit for Lease Premises	--------------------NIL--------------------				
	Total(2)					
	Total(B)=(1+2)					
	Total Managerial (A+B) Remuneration					
	Over all Ceiling as per the Act					

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

(Amount in Rs. lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer (Sriram Vishwanathan)	Company Secretary (Shrinidhi Deopujari)	Chief Financial Officer (Ajit Sharma)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961	46.51	8.04	17.46	70.22
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act,1961	1.54	0.15	0.00	1.69
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act,1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as% of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**48.05**	**8.19**	**17.46**	**71.91**

VII. Penalties /Punishment/ compounding of offences:

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

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

Amitabha Mukhopadhyay
Director
DIN: 01806781

Hemant Mohgaonkar
Director
DIN: 01308831

Place : Pune
Date : April 30, 2019

Independent Auditor's Report

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

Report on the Ind AS Financial Statements

Opinion

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, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Company's Act,2013 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, 2019, and its profits, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 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.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **'Annexure 1,** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

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

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Mumbai
Date: April 30, 2019

"Annexure 1" referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: **Thermax Onsite Energy Solutions Limited** ('the Company')

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

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

(c) The Company does not hold immovable properties; therefore, clause 3(i) (c) of the Order is not applicable to the Company and hence not commented upon.

(ii) According to the information and explanation given to us, the Company has conducted physical verification of inventory during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of accounts of the Company.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

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

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.

(vii) (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax (GST), Custom Duty, Excise Duty 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 Goods and Service Tax (GST), Excise Duty or duty of custom 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 fi 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) Based on the records examined by us and according to information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by provisions of section 197 read with schedule V of 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 Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Mumbai
Date: April 30, 2019

"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, 2019 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

Place: Mumbai
Date: April 30, 2019

Balance Sheet as at March 31, 2019

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

Particulars	Note	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	3	50.22	43.61
Capital work-in-progress	3	1,185.38	1,239.43
Intangible assets	4	2.19	-
Financial assets			
(a) Other financial assets	8 (a)	4,752.34	4,162.35
Income tax assets (net)		-	-
Other non-current assets	9	217.91	185.36
Total non-current assets		**6,208.04**	**5,630.75**
II. Current assets			
Inventories	10	158.21	130.28
Financial assets			
(a) Investments	5	1,762.87	-
(b) Trade receivables	6	808.58	590.66
(c) Cash and cash equivalents	11 (a)	78.48	993.31
(d) Bank balances other than (c) above	11 (b)	-	322.00
(e) Loans	7	0.23	0.21
(f) Other financial assets	8 (b)	562.74	441.55
Other current assets	12	138.53	176.87
Total current assets		**3,509.64**	**2,654.88**
Total		**9,717.68**	**8,285.63**
Equity and liabilities			
Equity share capital	13	1,865.00	1,865.00
Other equity	14	4,059.84	2,918.22
		5,924.84	**4,783.22**
I. Non-current liabilities			
Financial liabilities			
(a) Borrowings	15	-	279.98
(b) Other financial liabilities	17 (a)	465.56	333.55
Deferred Tax Liabilities (net)	35	385.10	379.33
Other non-current liabilities	19 (a)	1,358.84	1,069.65
		2,209.50	**2,062.51**
II. Current liabilities			
Financial liabilities			
(a) Trade payables	16	428.26	348.86
(b) Other financial liabilities	17 (b)	933.04	899.69
Other current liabilities	19 (b)	106.35	45.48
Provisions	18	39.94	40.74
Current tax liabilities (net)	35	75.75	105.13
		1,583.34	**1,439.90**
Total		**9,717.68**	**8,285.63**
Summary of significant accounting policies	**2.1**		
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	**For and on behalf of the Board of Directors of** **Thermax Onsite Energy Solutions Limited**	
H.P. Mahajani Partner Membership No. 030168	**Amitabha Mukhopadhyay** Director DIN: 1806781	**Sanjay Parande** Director DIN: 07161299
	Sriram Vishwanathan Chief Executive Officer	**Ajit Sharma** Chief Financial Officer
Place: Pune Date: 30th April 2019		**Shrinidhi Deopujari** Company Secretary

Statement of profit and loss for the year ended March 31, 2019

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

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	20	8,733.11	6,356.61
Other income	21	198.99	180.63
Total Income (I)		**8,932.10**	**6,537.24**
Expenses			
Cost of raw materials and components consumed	22	5,571.54	3,512.07
Purchase of traded goods		23.74	202.51
Employee benefits expense	23	587.76	492.42
Finance cost	24	69.59	92.42
Depreciation and amortisation expense	25	27.39	24.83
Other Expenses	26	1,060.47	826.31
Total expenses (II)		**7,340.49**	**5,150.56**
Profit before tax (I-II)		**1,591.61**	**1,386.68**
Tax expense			
Current tax	35	445.80	496.13
MAT credit		-	(85.54)
Deferred tax	35	4.57	(32.22)
Total tax expense		**450.37**	**378.37**
Profit for the year		**1,141.24**	**1,008.31**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		0.53	0.96
Less: Income tax effect		(0.15)	(0.33)
Total other comprehensive income for the year, (net of tax.)		**0.38**	**0.63**
Total comprehensive income for the year		**1,141.62**	**1,008.94**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2018: 10/-)]			
Basic and Diluted	27	**6.12**	**5.41**
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	**For and on behalf of the Board of Directors of** **Thermax Onsite Energy Solutions Limited**	
H.P. Mahajani Partner Membership No. 030168	**Amitabha Mukhopadhyay** Director DIN: 1806781	**Sanjay Parande** Director DIN: 07161299
	Sriram Vishwanathan Chief Executive Officer	**Ajit Sharma** Chief Financial Officer
Place: Pune Date: 30th April 2019		**Shrinidhi Deopujari** Company Secretary

Statement of cash flows for the year ended March 31, 2019

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

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A) Cash flows from operating activities		
Profit before tax	1,591.61	1,386.68
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	27.39	24.83
Net provision for doubtful debts	(12.13)	(2.07)
Unwinding discount on provisions	26.94	17.26
Finance costs	42.65	74.86
Loss on sale / discard of assets (net)	0.03	0.07
Interest income	(12.55)	(70.82)
Liabilities no longer required written back	(87.99)	(93.28)
Working capital adjustments		
(Increase) / Decrease in Trade Receivables	(205.79)	33.67
(Increase) / Decrease in Inventories	(27.93)	(39.46)
(Increase) / Decrease in Other non-current assets	(32.55)	(131.09)
(Increase) / Decrease in Other current financial assets	1.31	(0.25)
(Increase) / Decrease in Other current assets	(6.58)	39.95
Increase / (Decrease) in Trade Payables	79.40	6.43
Increase / (Decrease) in Other non-current liabilities	289.19	297.93
Increase / (Decrease) in Provisions	(0.80)	(2.44)
Increase / (Decrease) in Other non-current financial liabilities	129.71	2.65
Increase / (Decrease) in Other current financial liabilities	46.49	34.57
Increase / (Decrease) in Other current liabilities	60.87	(29.92)
Cash generated from operations	**1,909.27**	**1,549.57**
Direct taxes paid (net of refunds received)	(416.42)	(339.43)
Net cash inflow from operating activities	**1,492.85**	**1,210.14**
B) Cash flows from investing activities		
Purchase of Fixed Assets (Net)	55.60	(185.60)
Purchase of other Investments	(1,762.87)	-
Change in Finance Lease Receivable (net) *	(722.75)	(328.09)
Interest received	22.81	67.08
Proceeds from fixed deposits/(investment)	322.00	53.00
Net cash flows used in investing activities	**(2,085.21)**	**(393.61)**
C) Cash flows from financing activities		
Repayment of Borrowings	(279.98)	(280.00)
Interest paid	(42.50)	(74.96)
Net cash flows used in financing activities	**(322.48)**	**(354.96)**
Net increase / (decrease) in cash and cash equivalents	**(914.84)**	**461.57**
Cash and cash equivalents at the beginning of the year	993.31	531.74
Cash and cash equivalents at the end of the period	**78.47**	**993.31**

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

	March 31, 2019	March 31, 2018
Cash and cash equivalents (Note 10)	78.48	**993.31**
Balances as per statement of cash flows	**78.47**	**993.31**

* Includes movement in Finance Lease Receivables considered investing cash flow

For B. K. KHARE & CO
Chartered Accountants
ICAI Firm Reg No.105102W

H.P. Mahajani
Partner
Membership No. 030168

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

Amitabha Mukhopadhyay
Director
DIN: 1806781

Sanjay Parande
Director
DIN: 07161299

Sriram Vishwanathan
Chief Executive Officer

Ajit Sharma
Chief Financial Officer

Shrinidhi Deopujari
Company Secretary

Place: Pune
Date: 30th April 2019

Notes to financial statements for the year ended March 31, 2019

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

Statement of Changes in Equity

A) Equity Share Capital

Particulars	Note	March 31, 2019	March 31, 2018
Balance at the beginning of the reporting period	13	1,865.00	1,865.00
Changes in equity shares capital during the year	13	-	-
Balance at the end of the reporting period	13	**1,865.00**	**1,865.00**

B) Other Equity

Particulars	Reserves & Surplus		
	Retained Earnings	Other Comprehensive income	Total
As at April 1, 2017	**1,912.31**	**(3.03)**	**1,909.28**
Profit for the year	1,008.31	-	**1,008.31**
Other Comprehensive Income	-	0.63	**0.63**
Total comprehensive income	**2,920.62**	**(2.40)**	**2,918.22**
Dividends paid	-	-	-
Dividend distribution tax paid	-	-	-
As at March 31, 2018	**2,920.62**	**(2.40)**	**2,918.22**
Profit for the year	1,141.24	-	**1,141.24**
Other Comprehensive Income	-	0.38	**0.38**
Total comprehensive income	**4,061.86**	**(2.01)**	**4,059.84**
Dividends paid	-	-	-
Dividend distribution tax paid	-	-	-
As at March 31, 2019	**4,061.86**	**(2.01)**	**4,059.84**

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 30, 2019. The CIN of the company is U40109PN2009PLC134659.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 37.

(b) Basis of measurement

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

Notes to financial statements for the year ended March 31, 2019

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

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

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

2.2. Changes in accounting policies and disclosures

The company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

On transition to Ind AS 115, the company has elected to adopt the new revenue standard as per modified retrospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2018. The comparative financial statements for year ended March 31, 2018 are not restated.

2.3 Summary of significant accounting policies

a. Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

b. Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

c. Fair value measurement

The company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions
- Financial instruments

Notes to financial statements for the year ended March 31, 2019

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

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	7.5 to 10	15 to 20
Office equipment	15	15
Computers and data processing units	4 to 6	3 to 6

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

e. Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

A summary of amortization rates applied to the company's intangible assets is as below:

Asset category	Life (years)
Computer software	3 to 5

f. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, consumables, tools, stores and spares is arrived at on the basis of weighted average cost.

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

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

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

g. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic

Notes to financial statements for the year ended March 31, 2019

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

benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from supply of spare parts are recognized when significant risks and rewards have passed to the buyer which is generally on billing basis.

Sale of services

Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest Income

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

Dividend

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

Rental income

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

h. Financial instruments

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

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

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

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

Debt instruments at amortized cost

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

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

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

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

Debt instrument at FVTOCI

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

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

b) The asset's contractual cash flows represent SPPI

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

Debt instrument at FVTPL

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

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

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Notes to financial statements for the year ended March 31, 2019

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

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.

Notes to financial statements for the year ended March 31, 2019

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of profit and loss.

Derecognition

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

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines changes in the business model as result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to the operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in the Statement of profit and loss.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to the Statement of profit and loss at the reclassification date.

Offsetting of financial instruments

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

i. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

j. Share capital

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

Notes to financial statements for the year ended March 31, 2019

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

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.

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

Notes to financial statements for the year ended March 31, 2019

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

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 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.

Notes to financial statements for the year ended March 31, 2019

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

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.

3. Property, Plant and Equipment

Particulars	Plant and equipment	Office Equip-ment	Computer	Vehicles	Total	Capital work in progress
Cost as on April 1, 2017	**90.95**	**1.54**	**18.23**	**-**	**110.72**	
Additions	9.61	-	3.05	8.26	20.92	
Disposals/Adjustments	-	-	-	-	-	
Gross carrying amount as at March 31, 2018	**100.56**	**1.54**	**21.28**	**8.26**	**131.64**	
Additions	7.68	0.68	11.80	13.05	33.21	
Disposals/Adjustments	-	-	0.59	-	0.59	
Gross carrying amount as at March 31, 2019	**108.24**	**2.22**	**32.49**	**21.31**	**164.26**	
Accumulated Depreciation Balance as at April 1, 2017	48.32	0.36	14.52	-	63.20	
Charge for the year	22.10	0.10	2.43	0.20	24.83	
Disposals	-	-	-		-	
Closing accumulated depreciation as at March 31, 2018	**70.42**	**0.46**	**16.95**	**0.20**	**88.03**	
Charge for the year	20.70	0.11	3.96	1.80	26.57	
Disposals	-	-	0.56	-	0.56	
Closing accumulated depreciation as at March 31, 2019	**91.12**	**0.57**	**20.35**	**2.00**	**114.04**	
Net Block March 31, 2019	**17.12**	**1.65**	**12.14**	**19.31**	**50.22**	**1,185.38**
Net Block March 31, 2018	30.14	1.08	4.33	8.06	43.61	1,239.43

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

4. Intangible Assets

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

	Computer Software	Total
Cost as on April 1, 2017	**1.40**	**1.40**
Additions	-	-
Disposals/Adjustments	1.40	1.40
Transfers	-	-
Gross carrying amount as on March 31, 2018	**-**	**-**
Additions	3.01	3.01
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2019	**3.01**	**3.01**
Accumulated Amortisation as on April 1, 2017	1.33	1.33
Amortisation charge for the year	-	-
Disposals	1.33	1.33
Closing accumulated depreciation as at March 31, 2018	**-**	**-**
Amortisation charge for the year	0.82	0.82
Disposals	-	-
Closing accumulated depreciation as at March 31, 2019	**0.82**	**0.82**
Net Block March 31, 2019	**2.19**	**2.19**
Net Block March 31, 2018	**-**	**-**

5 Current Investments

	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Funds:		
Investments at Fair value through Profit and Loss		
Tata Liquid Fund - Direct - Growth	443.60	-
(15065.596 units at Face value of Rs.1000 per unit)		
Tata Money Market Fund - Direct - Growth	195.61	-
(6069.157 units at Face value of Rs.1000 per unit)		
L&T Liquid Fund - Direct - Growth	305.49	-
(11921.113 units at Face value of Rs.1000 per unit)		
ICICI Pru Liquid Fund - Direct - Growth	417.51	-
(151044.789 units at Face value of Rs.100 per unit)		
Aditya Birla Liquid Fund - Direct - Growth	200.34	-
(66683.026 units at Face value of Rs.100 per unit)		
HDFC Liquid Fund - Direct - Growth	200.32	-
(5446.036 units at Face value of Rs.1000 per unit)		
Total	**1,762.87**	**-**

Notes to financial statements for the year ended March 31, 2019

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

6 Current trade receivable

	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Trade receivables		
Receivables from related parties	0.23	2.08
Others	808.35	588.58
Total receivables	**808.58**	**590.66**
Break-up of security details		
Unsecured, considered good*	808.58	590.66
Doubtful	-	12.13
	808.58	**602.79**
Less: Provision for bad and doubtful debts	-	(12.13)
Total	**808.58**	**590.66**

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 30 b

7 Current loans

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Unsecured, considered good		
Loans to staff and workers	0.23	0.21
Total	**0.23**	**0.21**

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

8 (a) Other non current financial assets

	As at March 31, 2019	As at March 31, 2018
At Amortized Cost		
Long - term lease receivable	4,752.34	4,162.35
Total	**4,752.34**	**4,162.35**

8 (b) Other financial assets

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Interest accrued on fixed deposits etc.	-	10.26
Short-term Lease Receivable	562.74	429.98
Security deposits	-	1.31
Total	**562.74**	**441.55**

9. Other non current assets

	As at March 31, 2019	As at March 31, 2018
Balances with government authorities	217.91	185.36
Total	**217.91**	**185.36**

10 Inventories

	As at March 31, 2019	As at March 31, 2018
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	158.21	130.28
Total	**158.21**	**130.28**

11 (a) Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts	78.48	881.82
- in deposits with original maturity of less than three months	-	111.49
Total	**78.48**	**993.31**

11(b) Other bank balance

	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity of more than 3 months but less than 12 months	-	322.00
Total	**-**	**322.00**

12 Other current assets

	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Advance to supplier	48.15	42.76
Advances to Staff and Workers	0.78	0.64
Advance to group companies (Refer Note 30 b)	86.17	131.07
Prepaid Expenses	3.43	2.40
Total	**138.53**	**176.87**

13 Share capital

	As at March 31, 2019	As at March 31, 2018
Authorized shares (Nos)		
2,00,00,000 (Previous year 2,00,00,000) equity shares of Rs. 10/- each.	2,000.00	2,000.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid share capital (Nos)		
1,86,50,000 (Previous year 1,86,50,000) equity shares of Rs. 10/- each.	1,865.00	1,865.00
Total issued, subscribed and fully paid-up share capital	**1,865.00**	**1,865.00**

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

	No. of shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
At March 31, 2018	18,650,000	1,865.00
Issued during the year	-	-
At March 31, 2019	18,650,000	1,865.00

Notes to financial statements for the year ended March 31, 2019

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

(b) Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by holding company

	As at March 31, 2019	As at March 31, 2018
Holding company		
Thermax Limited, India		
1,86,50,000 (Previous year 1,86,50,000) equity shares of Rs. 10/- each.	1,865.00	1,865.00

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

	Thermax Limited
As at March 31, 2019	
%	100%
No. of shares	18,650,000
As at March 31, 2018	
%	100%
No. of shares	18,650,000

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

14 Other Equity

	As at March 31, 2019	As at March 31, 2018
Reserves and Surplus		
Retained earnings		
Balance as per last financial statement	2,918.22	1,909.28
Add: Profit for the year	1,141.24	1,008.31
Add: Re-measurements Gain/(Loss) of post-employment benefit obligations, net of tax Rs. 0.15 (March 31, 2018 : Rs. 0.33)]	0.38	0.63
Total	**1,141.62**	**1.008.94**
Net surplus in the statement of profit and loss	**4,059.84**	**2,918.22**
Total	**4,059.84**	**2,918.22**

15 Borrowings

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Non current borrowings		
Term loans (other than banks)		
a. Secured loan	279.97	559.98
Less : Current Maturities of Long term borrowings (included in note 16 (b))	279.97	280.00
Total non current borrowings	**-**	**279.98**

	Effective Interest Rate	Maturity
Term loans (other than banks)		
Term loan from TATA Capital	9.9% - 11.1%	5 Years

Non current borrowings

a. Note explaining description of secured loan

Secured loans from other than Banks are repayable on monthly basis from April 2015 over a period of five years. The loan is secured by First charge on Plant & Machinery and Escrow of cashflow for the specific project for which such facility is availed.

16 Current trade payables

	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	4.69	0.77
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties	18.10	22.05
(ii) Others	405.46	326.04
Total	**428.26**	**348.86**

Trade payables are non-interest bearing and are normally settled on credit terms of 7 to 60 days.

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

	March 31, 2019	March 31, 2018
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	4.42	0.61
Interest due thereon	0.28	0.16
The amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.44	0.16
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

Notes to financial statements for the year ended March 31, 2019

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

17 (a) Other non current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Trade deposits	465.56	333.55
Total	**465.56**	**333.55**

17 (b) Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Current maturities of long-term borrowings (note 15)	279.97	280.00
Interest accrued but not due on loans	0.15	0.30
Employee related payables	195.22	149.31
Capital Creditors	454.96	468.10
Other payables	2.74	1.98
Total	**933.04**	**899.69**

18 Current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for Gratuity (Refer Note 29)	7.09	16.52
Provision for leave encashment	32.85	24.22
Total	**39.94**	**40.74**

19 (a) Other non-current liabilities

	As at March 31, 2019	As at March 31, 2018
Prepaid lease Rental	362.41	254.83
Unearned revenue	996.43	814.82
Total	**1,358.84**	**1,069.65**

19 (b) Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Prepaid lease Rental	54.02	37.78
Statutory dues and other liabilities*	52.33	7.70
Total	**106.35**	**45.48**

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

20 Revenue from operations (net)

	As at March 31, 2019	As at March 31, 2018
Sale of products and services		
Sale of products *	8,029.22	5,707.90
Finance Income on Leased Assets	703.73	648.53
	8,732.15	**6,356.43**
Other operating revenue		
Sale of scrap	0.16	0.18
Total	**0.16**	**0.18**
Revenue from operations (net)	**8,733.11**	**6,356.61**

* includes traded items amounting Rs. 24.49 (March 31, 2018: 213.14)

21 Other income

	As at March 31, 2019	As at March 31, 2018
Interest income from financial assets at amortised cost		
Bank deposits	12.55	70.82
Others	0.02	0.03
Liabilities no longer required written back*	87.99	93.28
Fair value gain on financial instrument at fair value through profit & loss	62.87	-
Miscellaneous income	35.56	16.50
Total	**198.99**	**180.63**

*including reversal of provision for employee incentive, Rs. 81.21 (March 18 - Rs. 65.02)

22 Cost of raw material and components consumed

	As at March 31, 2019	As at March 31, 2018
Inventories at the beginning of the year	130.28	90.82
Add: Purchases *	5,599.47	3,551.53
	5,729.75	**3,642.35**
Inventories at the end of the period	158.21	130.28
Total	**5,571.54**	**3,512.07**

* includes traded items amounting Rs. 23.74 (March 31, 2018: Rs. 202.51)

23 Employee benefits expense

	As at March 31, 2019	As at March 31, 2018
Salaries and wages	539.30	452.28
Contribution to provident and other funds	30.48	25.20
Gratuity expense	6.08	5.31
Staff welfare expenses	11.90	9.63
Total	**587.76**	**492.42**

24 Finance costs

	As at March 31, 2019	As at March 31, 2018
Interest expense	42.65	75.16
Unwinding of discount	26.94	17.26
Total	**69.59**	**92.42**

25 Depreciation and amortization expense

	As at March 31, 2019	As at March 31, 2018
Depreciation of tangible assets (note 3)	26.57	24.83
Amortization of intangible assets (note 4)	0.82	-
Total	**27.39**	**24.83**

Notes to financial statements for the year ended March 31, 2019

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

26 Other expenses

	As at March 31, 2019	As at March 31, 2018
Consumption of stores and spare parts	69.86	46.49
Power and fuel	3.56	3.77
Site expenses and Contract labour charges	794.47	619.64
Advertisement and sales promotion	3.32	7.84
Rent	4.15	4.12
Rates and taxes	1.00	1.34
Insurance	10.34	11.92
Repairs and maintenance		
Plant and machinery	1.28	0.76
Leased assets	28.68	25.15
Others	3.54	1.41
Travelling and conveyance	54.27	41.58
Legal and professional fees	34.00	26.73
Auditor Remuneration (refer note 26 (c))	4.45	4.78
Director sitting fees	8.70	7.58
Bad debts/ advances written off	13.48	0.01
Provision for doubtful debts (net)	(12.13)	(2.07)
Loss on sale / discard of assets (net)	0.03	0.07
CSR expenditure (Refer note 26 (b))	19.50	11.45
Interest on MSMED (refer note 16)	0.28	0.16
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	17.69	13.58
Total	**1,060.47**	**826.31**

26 (b) Corporate Social Responsibility (CSR)

	March 31, 2019	March 31, 2018
Gross amount required to be spent by the company during the year *	19.50	11.45
Total	**19.50**	**11.45**

* The amount actual spent is Rs. 19.50 Lakhs which has been contributed to Thermax Foundation, India.

26 (c) Payment to auditors

	March 31, 2019	March 31, 2018
As auditor		
Audit and limited review fee	2.75	2.75
Tax audit fee	0.75	0.75
In other capacity		
Taxation matters	0.60	0.25
Other services	0.07	0.84
Reimbursement of expenses	0.28	0.19
Total	**4.45**	**4.78**

27 Earnings per share

	March 31, 2019	March 31, 2018
Net profit attributable to the Equity shareholders of the company	1,141.24	1,008.31
Weighted average number of Equity shares of Rs.10/- each	18,650,000	18,650,000
Basic & Diluted EPS	6.12	5.41

28 Contingencies and commitments

A 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. 677.22 (March 31, 2018 Rs. 290.87)

29 EMPLOYEE BENEFIT OBLIGATIONS

A GRATUITY

The company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy. Each year the Board of Directors reviews the level of funding in the gratuity plan.

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**40.20**	**(22.20)**	**18.00**
Current service cost	4.04	-	4.04
Interest expense/(income)	2.80	(1.53)	1.27
Total amount recognised in Profit or Loss	**6.84**	**(1.53)**	**5.31**
(Gain)/loss from change in financial assumptions	(0.78)	-	(0.78)
Return on plan assets expense/(income)	-	(0.18)	(0.18)
Total amount recognised in Other Comprehensive Income	**(0.78)**	**(0.18)**	**(0.96)**
Employer contributions	-	(3.15)	(3.15)
Benefits paid	(2.67)	-	(2.67)
March 31, 2018	**43.58**	**(27.06)**	**16.52**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	**43.58**	**(27.06)**	**16.52**
Current service cost	4.48	-	4.48
Interest expense/(income)	3.38	(2.41)	0.97
Total amount recognised in Profit or Loss	**7.86**	**(2.41)**	**5.45**
(Gain)/loss from change in financial assumptions	(0.10)	-	(0.10)
Return on plan assets	-	(0.42)	(0.42)
Total amount recognised in Other Comprehensive Income	**(0.10)**	**(0.42)**	**(0.52)**
Employer contributions	-	(14.61)	(14.61)
Benefits paid	(0.58)	-	(0.58)
March 31, 2019	**50.76**	**(44.50)**	**7.09**

Notes to financial statements for the year ended March 31, 2019

(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, 2019	March 31, 2018
Present value of funded obligation	50.76	43.58
Fair value of plan assets	(44.50)	(27.06)
Surplus of funded plan	6.26	16.52

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.80%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.8% P.A.	7.2% 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, 2019	**March 31, 2018**
Discount rate		
1.00% increase	Decrease by 2.51	Decrease by 2.31
1.00% decrease	Increase by 2.83	Increase by 2.59
Future salary increase		
1.00% increase	Increase by 2.33	Increase by 2.16
1.00% decrease	Decrease by 2.09	Decrease by 1.96
Attrition Rate		
1.00% increase	Increase by 0.12	Increase by 0.11
1.00% decrease	Decrease by 0.14	Decrease by 0.12

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

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

Particulars	March 31, 2019	March 31, 2018
Within next 12 months	2.93	2.29
Between 2-5 years	37.47	36.11
Between 5-10 years	35.09	30.27

V The major categories of plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Investments with Insurer (LIC OF INDIA)	100.00%	100.00%

VI Risk Exposure

Through its defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility : All plan assets are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competetive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings

Life expectancy: This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk: Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

Asset-Liability mismatch risk: Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in 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. 18.28 (March 31, 2018 Rs. 15.01)

Notes to financial statements for the year ended March 31, 2019

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

30 Related party disclosures

a. Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding company	Thermax Limited
2	Ultimate Holding company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction company Ltd.
		Thermax Engineering Construction FZE
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda (Brasil)
		Thermax (Zhejiang) Cooling & Heating Engineering company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		First Energy Private Limited
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Hong Kong Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Foundation
4	Key Management Personnel	Mr. M. S. Unnikrishnan - Director
		Mr. Hemant Mohgaonkar - Director
		Mr. Amitabha Mukhopadhyay - Director
		Mr. Ishrat Mirza - Director
		Mr. Sanjay Parande - Independent Director
		Mr. Sundar Parthasarathy - Independent Director
		Mr. Sriram Vishwanathan - Chief Executive Officer
		Mr. Ajit Sharma - Chief Financial Officer
		Ms. Shrinidhi Deopujari - Company Secretary

30. b. Related party transactions include transactions pertaining to the followings parties with whom the percentage of the transactions are 10% or more of the total of the above:

Particulars	March 31, 2019	March 31, 2018
Transactions during the year		
Other operating revenue		
Rent received from First Energy Pvt Ltd	2.50	1.20
Deputation charges received from PT Thermax International Indonesia	5.69	-
Recovery of expenses from related parties		
Recovery of expenses incurred for First Energy Pvt Ltd	-	0.56
Recovery of expenses incurred for Thermax Sustainable Energy Solutions Ltd	-	0.76
Purchase of raw material and components and services from Thermax Limited		
Purchase of Chemicals/Spares/Consumables from Thermax Limited	2.62	-
Purchase of Pellets from First Energy Pvt Ltd	10.70	-
Purchase of Capital Equipments from Thermax Limited	1,188.65	1,222.13
Reimbursement of expenses to Thermax Limited		
Reimbursement of Expenses for Common Facilities	9.68	9.26
Office Rent paid	3.60	3.60
Reimbursement of Expenses for Car Hire Charges and regional allocations	2.64	4.18
Reimbursement of Expenses towards Insurance and Bank Guarantee Commission	8.49	7.23
Reimbursement of Employee deputation cost	23.92	23.83
Reimbursement of Other expenses	2.98	0.56
Remuneration to key management personnel		
Management Remuneration (CEO)	46.52	40.44
Donation		
Donation given to Thermax Foundation	19.50	11.45
Directors sitting fees	8.70	7.58

Particulars	March 31, 2019	March 31, 2018
Balances as at the year end		
Trade receivables		
Trade receivables from First Energy Pvt Ltd	0.23	2.08
Trade payables and other liabilities		
Trade and Capital payables to Thermax Limited	473.06	490.15
Bank Guarantee given by Thermax Limited	260.00	180.00
Loans and advances to Thermax Limited		
Advance given for purchase of Capital Equipments	86.17	131.07

All balances are including VAT/GST where ever applicable.

III. Terms and conditions for outstanding balances

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

IV. Terms and conditions of related party transactions

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to financial statements for the year ended March 31, 2019

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

31-I Fair value measurements

a. Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

Particulars	March 31, 2019	March 31, 2018
Trade receivables	808.58	590.66
Loans	0.23	0.21
Other Financial Assets	5,315.08	4,603.90
Cash and cash equivalents	78.48	993.31
Bank balances other than cash and cash equivalents	-	322.00
Total financial assets	**6,202.37**	**6,510.08**
Current Assets	1,450.03	2,347.73
Non-current assets	4,752.34	4,162.35
Total financial assets	**6,202.37**	**6,510.08**

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

Particulars	March 31, 2019	March 31, 2018
Financial assets		
Investments		
Mutual funds	1,762.87	-
Total financial assets(current)	**1,762.87**	**-**

Break-up of financial liabilities carried at amortised cost

Particulars	March 31, 2019	March 31, 2018
Financial Liabilities		
Borrowings	-	279.98
Trade payables	428.26	348.86
Trade deposits	465.56	333.55
Capital creditors	454.96	468.10
Other Financial Liabilities	478.08	431.59
Total financial liabilities	**1,826.86**	**1,862.08**
Current Liabilities	1,361.30	1,248.55
Non-current Liabilities	465.56	613.53
Total financial liabilities	**1,826.86**	**1,862.08**

31 II 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, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2019	-	1762.87	-

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, 2019 and March 31, 2018.

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, 2019.

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 31,2019 and March 31,2018.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rate		
- Increase by 100 basis points	(4.08)	(6.88)
- Decrease by 100 basis points	4.08	6.88

II Credit risk

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

Trade receivables

Customer credit risk is managed by the company subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. At March 31, 2019, the company had 6 customers (March 31, 2018: 4 customers) that owed the Company more than Rs.124 Lakh each and accounted for approximately 92 % (March 31, 2018: 95 %)

Notes to financial statements for the year ended March 31, 2019

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

of all the receivables outstanding. There were 3 customers (March 31, 2018: 5 customers) with balances greater than Rs. 21 Lakh accounting for just over 8% (March 31, 2017: 5 %) 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, 2019	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	-	-	-
Trade Payables (including capital creditors)	-	883.22	-	-	-
Other financial liabilities					
Current maturities of long-term borrowings	-	279.98	-	-	-
Interest accrued but not due on loans	-	0.15	-	-	-
Other payables	-	197.96	-	-	465.56

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non Derivative					
Borrowings	-	-	279.98	-	-
Trade Payables (including capital creditors)	-	816.96	-	-	-
Other financial liabilities					
Current maturities of long-term borrowings	-	280.00	-	-	-
Interest accrued but not due on loans	-	0.30	-	-	-
Other payables	-	151.29	-	-	333.55

33 Capital Management

For the purpose of the company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2019	March 31, 2018
Borrowings	279.98	559.98
Trade payables (including capital creditors)	883.22	816.96
Less: Cash and cash equivalents and other bank balances	78.48	1,315.31
Net debt	**1,084.72**	**61.63**
Equity	5,924.84	4,783.22
Capital and net debt	**7,009.56**	**4,844.85**

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, 2019 and March 31, 2018.

34 Disclosure under Ind AS - 17 : Leases

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

General description of asset leased: The company has entered into certain arrangements with its customers where the company will supply heat/steam by installing the boiler/heater at the customers' premises. The company has determined, that fulfillment of these arrangement is dependent on the use of specific assets and the arrangement conveys to customers a right to use these specific assets. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Appendix C to Ind-AS 17. Based on evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets and the fair value of the asset, that it has transferred the significant risks and rewards in these assets to the customers and therefore these embedded lease arrangements have been classified as finance leases.

Particulars	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Within one year	1,341.53	1,138.42	663.84	552.00
After one year but not more than five years	5,002.32	4,113.09	3,241.98	2,444.12
More than five years	1,872.63	1,852.09	1,409.26	1,596.21
	8,216.48	**7,103.60**	**5,315.08**	**4,592.33**

Notes to financial statements for the year ended March 31, 2019

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

Less: Unearned finance income	2,901.39	2,511.27	-	-
Present value of minimum lease payments receivable	5,315.08	4,592.33	5,315.08	4,592.33
Allowance for uncollectible lease payments	-	-	-	-
	5,315.08	**4,592.33**	**5,315.08**	**4,592.33**

Particulars	**March 31, 2019**	**March 31, 2018**
Estimated unguaranteed residual value of assets under Finance lease	-	-
Contingent rent recognised as Income during the period	-	-
Interest rate inherent in the lease	12.4% - 17.05%	12.4% - 17.05%

35 **Income Taxes**

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

Statement of comprehensive income

(a) **Profit or Loss section**

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Current income tax charge		
Current income tax	445.80	496.13
Minimum Alternate Tax Credit	-	(85.54)
Deferred tax		
Relating to origination and reversal of temporary differences	4.57	(32.22)
Income tax expense reported in the statement of profit or loss	**450.37**	**378.37**

OCI section	**As at March 31, 2019**	**As at March 31, 2018**
Deferred tax related to items recognised in OCI during the year		
Net gain or loss on remeasurements of defined benefit plans	(0.15)	(0.33)
Income tax charged to OCI	**(0.15)**	**(0.33)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Accounting profit before tax from continuing operations	1,591.61	1,386.68
At India's statutory income tax rate of 29.12% (March 31, 2018: 34.608%)	463.48	479.90
Effects of income not subject to tax	-	-
Effects of nondeductible business expenses	(3.88)	(16.43)
Effects of permanent differences between book base and tax base	(9.75)	-
Other tax credits-Minimum Alternate Tax	-	(85.54)
Other differences - Interest disallowed	0.52	0.44
At the effective tax rate of 28.3 % (March 31, 2018: 27.29%)	450.37	378.37
Income tax expense reported in the statement of profit or loss	**450.37**	**378.37**

(d) **Deferred tax**

Particulars	**Balance Sheet**		**Statement of profit and loss and OCI**	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Deferred tax relates to the following :				
Accelarated depreciation for tax purposes	(210.74)	(293.00)	82.26	58.00
Retirement benefit obligations	-	2.54	(2.54)	(0.34)
Write-downs for doubtful debtors	-	4.20	(4.20)	(0.71)
Other provision	(174.36)	(93.07)	(81.29)	(25.06)
Deferred tax expense/ (income)			**(5.77)**	**31.89**
Net deferred tax assets/ (liabilities)	**(385.10)**	**(379.33)**		

Reflected in balance sheet as follows:

Particulars	**March 31, 2019**	**March 31, 2018**
Deferred tax assets	-	-
Deferred tax liabilities	(385.10)	(379.33)
Deferred tax assets / (liabilities) (net)	**(385.10)**	**(379.33)**

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

Particulars	**March 31, 2019**	**March 31, 2018**
Opening balance	(379.33)	(347.83)
Tax expense/ (income) during the period recognised in profit or loss	(4.57)	32.22
Tax expense/ (income) during the period recognised in OCI	0.15	(0.33)
Minimum Alternate Tax utilised	-	(63.39)
Closing balance	**(385.10)**	**(379.33)**

36. **Disclosure under Ind AS - 7 : Movement in Financing activities**

Particulars	**March 31, 2018**	**Cash flows**	**Non-cash changes/ Accruals**	**March 31, 2019**
Long-term borrowings	279.98	(279.98)	-	-
Short-term borrowings	280.00	(0.02)	-	279.98
Interest accrued	0.30	(42.65)	42.50	0.15
Total	**560.28**	**(322.65)**	**42.50**	**280.13**

Notes to financial statements for the year ended March 31, 2019

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

37. Significant accounting judgements, estimates and assumptions

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

Judgements

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

1. Legal contingencies

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

2. Segment reporting

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

The Company has determined that the CODM is the Chief Executive Officer, based on its internal reporting structure and functions of the company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into one reportable segments i.e. energy.

Estimates and assumptions

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

1. Impairment of non-financial assets

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

2. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 29.

3. Impairment of financial assets

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

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

The company determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

5. Deferred taxes

At each balance sheet date, the company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

38. Previous year's figures have been regrouped/reclasssified where necessary to confirm to this year's classification.

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
Apoorva Jain (w.e.f. 30.04.2019)

Corporate Office
D-13, MIDC Indl Area,
R. D. AGA Road, Chinchwad, Pune 411 019.

Bankers
Canara Bank

Directors' Report

Dear shareholders,

The Directors have pleasure in presenting the Thirty first Annual Report of the company for the year ended March 31, 2019.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2018-19	2017-18
Total Income	22.61	20.14
Profit before depreciation	7.54	1.97
Depreciation	-	-
Profit / (Loss) before tax	7.54	1.97
Provision for taxation including deferred tax	-	-
Prior year tax adjustment	-	-
Profit / (Loss) after tax	7.54	1.97

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 six 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, 2019.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

BUSINESS RISK MANAGEMENT

The company is facing a risk of viability of business which can endanger its existence. The management is exploring various alternatives to mitigate the said risk.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The company has adequate internal financial controls given the size of financial transactions during the year.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The company is not required to appoint KMP and Independent Directors in terms of Companies Act, 2013. All the Directors are non-executive Directors and do not receive any remuneration.

DIRECTORS

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

BOARD MEETINGS

The Board met four times on April 26, 2018, July 23, 2018, October 29, 2018 and January 24, 2019 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

COMPANY SECRETARY

Amol Phadke resigned as the Company Secretary of your Company with effect from April 2, 2019. Ms. Apoorva Jain is appointed as the Company Secretary with effect from April 30, 2019

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

(d) Due to unviability of the business the Directors have prepared the annual accounts on not a going concern basis; and

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

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

SECRETARIAL STANDARDS

The Company implemented and adopted revised Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) which had revised with effet from 1st October, 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, or other designated persons which may have a potential conflict with the interest of the company at large. Therefore requirements of disclosure of RPTs in AOC-2 are not attracted.
A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9, as required under Section 92 of the Companies Act, 2013 is annexed herewith as Annexure 1 and forms part of this report.

CONSERVATION OF ENERGY AND TECHNOLOGICAL ABSORPTION

The particulars as required under the Provision of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy & Technology absorption are not furnished, as the company has not undertaken any business operations during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

The operations of the company are not carried on a going concern basis. There are no significant material orders passed by the Regulators / Courts during the year.

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

The company is committed to provide a safe and 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 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: April 30, 2019	DIN: 01308831	DIN: 01460245

ANNEXURE 1

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019
[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	:	NSDL Database Management Limited 4th Floor, A Wing, Trade World, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013.

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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Thermax Limited	8749940	100	NIL	8749940	100	NIL	NIL
	TOTAL	**8749940**	**100**	**NIL**	**8749940**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: NIL

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	-------------------------------------NIL-------------------------------------			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% 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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% 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 (01.04.2018)				
i) Principal Amount	-	202.68	-	202.68
ii) Interest due but not paid	-	135.76	-	135.76
iii) Interest accrued but not due	-	0	-	0
Total (i+ii+iii)	**-**	**338.44**	**-**	**338.44**
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 (31.03.2019)				
i) Principal Amount	-	202.68	-	202.68
ii) Interest due but not paid	-	135.76	-	135.76
iii) Interest accrued but not due	-	0	-	0
Total (i+ii+iii)	**-**	**338.44**	**-**	**338.44**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA
	(b) Value of perquisites u/s 17(2) 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	-	-	-	-	
	Fee for attending board / committee meetings	------------------------------------NIL------------------------------------				
	Commission					
	Others, please specify					
	Total(1)					
2.	Other Non-Executive Directors	Hemant Mohgaonkar	M. S. Unnikrishnan	Shailesh Nadkarni		
	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	
	(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	**NA**
4.	Commission - as % of profit - Others, specify	
5.	Others, please specify	
	Total	

VII. Penalties /Punishment/ compounding of offences:

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

Place: Pune
Date: April 30, 2019

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

Hemant Mohgaonkar
Director
DIN: 01308831

M. S. Unnikrishnan
Director
DIN: 01460245

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Sustainable Solutions Energy Limited

Report on the Ind AS Financial Statements

Opinion

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, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Company's Act,2013 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, 2019, and its profits, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 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.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

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

For **B. K. Khare & Co.**

Chartered Accountants

ICAI Firm Registration Number: 105102W

H. P. Mahajani

Partner

Membership Number: 030168

Place: Mumbai

Date: April 30, 2019

“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 (‘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) 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) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax (GST), Custom Duty, Excise Duty 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 Goods and Service Tax (GST), Excise Duty or duty of custom not deposited on account of any dispute.

(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) 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: Mumbai
Date: April 30, 2019

“Annexure 2” referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

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

We have audited the internal financial controls over financial reporting of **Thermax Sustainable Energy Solutions Limited** (‘the Company’) as of March 31, 2019 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, 2019, 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: Mumbai
Date: April 30, 2019

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Balance Sheet as at March 31, 2019

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
Income tax Assets (Net)	3	201.72	201.01
Total Non-current Assets		**201.72**	**201.01**
II. Current assets			
Current financial assets			
(a) Cash and cash equivalent	4 (a)	62.13	65.14
(b) Bank balances other than (a) above	4 (b)	132.98	125.13
(c) Loans and advances	5	0.25	0.25
(d) Other financial assets	6	7.04	5.37
Other Current loans and advance	7	0.14	-
Other current assets	8	6.72	6.44
Total Current Assets		**209.26**	**202.33**
Total		**410.98**	**403.34**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	475.00	475.00
Other equity	10	(858.16)	(865.70)
		(383.16)	**(390.70)**
LIABILITIES			
I. Non-current liabilities			
Financial liabilities			
(a) Borrowings	11	400.00	400.00
		400.00	**400.00**
II. Current liabilities			
Financial liabilities			
(a) Borrowings	12	338.44	338.44
(b) Trade and other payables	13	5.54	5.85
(c) Other current financial liabilities	14	0.01	0.01
Provisions	15	6.78	6.25
Other current liabilities	16	43.37	43.49
		394.14	394.04
Total Equity and Liabilities		**410.98**	**403.34**
Summary of significant accounting policies	2.1		

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

H. P. Mahajani
Partner
Membership No. 030168

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

Shailesh Nadkarni
Director
DIN : 07787310

Hemant Mohgaonkar
Director
DIN : 01308831

Apoorva Jain
Company Secretary

Place: Pune
Date : 30th April 2019

Statement of profit and loss for the year ended March 31, 2019

(All amounts in Rupees lakh, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations		-	-
Other income	17	22.61	20.14
Total Income		**22.61**	**20.14**
Expenses			
Employee benefits expense	18	13.02	13.83
Other Expenses	19	2.05	4.34
Total expenses		**15.07**	**18.17**
Profit before tax		**7.54**	**1.97**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		**-**	**-**
Profit for the year from Discountinued Operations		**7.54**	**1.97**
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		**7.54**	**1.97**
Earning per equity share [nominal value per share Rs.10/- (March 31, 2018: Rs.10/-)]			
Basic & Diluted	20	**0.16**	**0.04**
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

H. P. Mahajani
Partner
Membership No. 030168

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

Shailesh Nadkarni
Director
DIN : 07787310

Hemant Mohgaonkar
Director
DIN : 01308831

Apoorva Jain
Company Secretary

Place: Pune
Date : 30th April 2019

Statement of cash flows for the year ended March 31, 2019

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

	Year Ended March 31, 2019	Year Ended March 31, 2018
A) Cash flows from operating activities		
Profit before tax	7.54	1.97
Adjustments to reconcile profit before tax to net cash flows		
Interest income	(10.22)	(7.08)
Working capital adjustments		
(Increase) / Decrease in Other non-current financial assets	(0.71)	0.05
(Increase) / Decrease in Other current financial assets	(1.67)	1.87
(Increase) / Decrease in Other current assets	(0.42)	-
Increase / (Decrease) in Trade Payables	(0.31)	1.08
Increase / (Decrease) in Provisions	0.53	0.71
Increase / (Decrease) in Other current liabilities	(0.12)	0.61
Cash generated from operations	(5.38)	(0.79)
Net cash inflow from operating activities	(5.38)	(0.79)
B) Cash flows from investing activities		
Increase in Deposits of more than 3 Months and less than 12 months	(7.85)	(8.06)
Interest received	10.22	7.08
Net cash flows used in investing activities	2.37	(0.98)
Net increase / (decrease) in cash and cash equivalents	(3.01)	(1.77)
Cash and cash equivalents at the beginning of the year	65.14	66.91
Cash and cash equivalents at the end of the year	62.13	65.14

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

	March 31, 2019	March 31, 2018
Cash and cash equivalents (Note 4)	62.13	65.14
Balances as per statement of cash flows	62.13	65.14

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

Shailesh Nadkarni
Director
DIN : 07787310

Hemant Mohgaonkar
Director
DIN : 01308831

Apoorva Jain
Company Secretary

Place: Pune
Date : 30th April 2019

Notes to the Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees lakh, unless otherwise stated)

1. Corporate information

Thermax Sustainable Energy Solutions Limited ('the company') was in the business of offering Carbon Advisory Service which has since been indefinitely suspended (refer Note 2.1(a) below).

The address of its registered office is Thermax House, 14, Mumbai-Pune Road, Wakdewadi, Pune- 411003, India. These financial statements are authorized for issue by the Board of Directors on April 30, 2019. The CIN of the Company is U29219PN1987PLC045658.

2. Significant accounting policies

2.1. Basis of preparation, measurement

(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 2019, have been prepared on 'Not a Going Concern' basis.

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the company's accounting policies.

(b) Basis of measurement

The financial statements have been prepared on under historical cost convention.

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

2.2 Summary of significant accounting policies

a. Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:
► It is expected to be settled in the normal operating cycle
► It is due to be settled within twelve months after the reporting period, or
► There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

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

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. 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.

c. 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.

d. 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.

2.3 Significant accounting judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognized in the Separate financial statements:

Legal contingencies

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

3. Income Tax Assets (Net)

	As at March 31, 2019	As at March 31, 2018
Advance Payment of Income Tax and Wealth Tax Non Current	201.72	201.01
Total	**201.72**	**201.01**

4 (a) Cash and bank balances

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balances with banks		
- on current accounts	62.13	65.14
Total	**62.13**	**65.14**

4 (b) Other bank balances

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	132.98	125.13
Total	**132.98**	**125.13**

5. Current loans and advances

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Security deposits	0.25	0.25
Total	**0.25**	**0.25**

6. Other financial assets

	As at March 31, 2019	As at March 31, 2018
Interest accrued on fixed deposits etc.	7.04	5.37
Total	**7.04**	**5.37**

7. Other current Loans and advances

	As at March 31, 2019	As at March 31, 2018
Balances with government authorities	0.14	-
Total	**0.14**	**-**

8. Other Current assets

	As at March 31, 2019	As at March 31, 2018
Others	6.72	6.44
Total	**6.72**	**6.44**

9. Share capital

	As at March 31, 2019	As at March 31, 2018
Authorized shares (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
	475.00	475.00
Issued, subscribed and fully paid share capital (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
Total issued, subscribed and fully paid-up share capital	475.00	475.00

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2017	47,50,000
Issued during the year	-
At March 31, 2018	47,50,000
Issued during the year	-
At March 31, 2019	47,50,000

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding / holding company

	As at March 31, 2019	As at March 31, 2018
Holding company		
Thermax Limited, India		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00

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

	Thermax Limited
As at March 31, 2019	
%	100%
No. of shares	47,50,000
As at March 31, 2018	
%	100%
No. of shares	47,50,000

10. Other Equity

	As at March 31, 2019	As at March 31, 2018
General reserve		
Balance as per last financial statement	162.52	162.52
Less: Impact of change in rate of depreciation	-	-
Closing balance	162.52	162.52
Surplus in Statement of profit and loss		
Balance as per last financial statement	**(1028.22)**	**(1030.19)**
Add: Profit for the year	**7.54**	**1.97**
	(1020.68)	(1028.22)
Less: Appropriations		
- Proposed equity dividend	-	-
- Tax on dividend	-	-
Total appropriations	-	-
Net surplus in the Statement of profit and loss	(1020.68)	(1028.22)
Total	**(858.16)**	**(865.70)**

11. Long Term Borrowings

	As at March 31, 2019	As at March 31, 2018
Term loans (other than banks)		
a. Preference Shares	400.00	400.00
Total	**400.00**	**400.00**
The above amount includes		
Amount disclosed under the head "Other current liabilities"	-	-
Net amount	400.00	400.00

Term/rights attached to Preference shares

The 6% Cumulative Preference shares issued on 12/04/2012 shall be redeemed in one or more tranches not later than a period of ten years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

As per the provisions of the Companies Act, 2013, in case is not in a position to redeem any preference shares or to pay dividend, if any, on such shares in accordance with the terms of issue (such shares hereinafter referred to as unredeemed preference shares), it may, with the consent of the holders of three-fourths in value of such preference shares and with the approval of the Tribunal on a petition made by it in this behalf, issue further redeemable preference shares equal to the amount due, including the dividend thereon, in respect of the unredeemed preference shares, and on the issue of such further redeemable preference shares.

Provision for dividend payable (interest under Ind AS) on preference shares has not been made in the absence of sufficient profits/reserves. The total amount of such interest as at 31 March 2019 amounts to Rs. 168 lacs.

12. Borrowings

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Others-Refer note no.22(b)	338.44	338.44
	338.44	**338.44**

13. Trade payables and other liabilities

	As at March 31, 2019	As at March 31, 2018
Trade payables		
a. total outstanding dues of micro enterprises and small enterprises	-	-
b. total outstanding dues of creditors other than micro enterprises and small enterprises	5.54	5.85
	5.54	**5.85**

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, 2019	As at March 31, 2018
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	-	-

14. Other short term financial liabilities

	As at March 31, 2019	As at March 31, 2018
Employee related payables	0.01	0.01
Total	**0.01**	**0.01**

15. Provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for gratuity	5.46	4.90
Provision for leave encashment	1.32	1.35
Total	**6.78**	**6.25**

16. Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Revenue received in advance	42.61	42.61
Statutory dues and other liabilities	0.76	0.88
Total	**43.37**	**43.49**

17. Other income

	As at March 31, 2019	As at March 31, 2018
Interest income		
Bank deposits	10.22	7.08
Miscellaneous income	12.39	13.06
Total	**22.61**	**20.14**

18. Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	10.90	11.95
Contribution to provident and other funds	1.44	1.36
Gratuity expense	0.56	0.45
Staff welfare expenses	0.12	0.07
Total	13.02	13.83

19 (a) Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Rates and taxes	0.03	-
Insurance	0.01	-
Legal and professional fees	1.26	0.53
Payment to auditor (refer details below)	0.75	3.81
Less: capitalised during the year	-	-
Total	**2.05**	**4.34**

19 (b) Payment to auditors

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit and limited review fee	0.70	0.70
Tax audit fee	-	-
In other capacity		
Taxation matters	-	3.11
Other services	0.05	-
Reimbursement of expenses	-	-
Total	**0.75**	**3.81**

20. Earnings per share

	Year ended March 31, 2019	Year ended March 31, 2018
Net profit attributable to the Equity shareholders of the Company	7.54	1.97
Weighted average number of Equity shares of Rs.10/- each	47,50,000.00	47,50,000.00
Basic & Diluted EPS	0.16	0.04

21 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. 168 lakh (Previous Year : Rs. 144 lakh)

22 Related party disclosures

A Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax Onsite Energy Solutions Ltd.
		Thermax International Ltd.
		Thermax Hong Kong Ltd
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda
		Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International Indonesia
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		First Energy Private Limited
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Foundation
		Thermax Engineering Construction FZE

B Key Management Personnel:

1 Mr. M S Unnikrishnan - Non Executive Director
2 Mr. Hemant Mahagaonkar- Non Executive Director
3 Mr. Shailesh Nadkarni - Non Executive Director (From April 12, 2017)
4 Ms. Apoorva Jain - Company Secretary

22C. Related party transactions include transactions pertaining to the followings parties:

Particulars	March 31, 2019	March 31, 2018
Transactions during the year		
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	12.39	13.06
Reimbursement of expenses to related parties		
Reimbursement of other expenses	-	0.81

Particulars	March 31, 2019	March 31, 2018
Balances as at the year end		
Trade payables and other liabilities		
Trade payables to Thermax Limited	-	0.05
Loans and advances		
Loan and Accrued Interest payable to Thermax Limited	338.44	338.44

II. Terms and conditions for outstanding balances

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

III. Terms and conditions of related party transactions

"The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: 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."

23 a. Fair value measurements

Financial instruments by category

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Other Financial Assets	7.04	5.37	7.04	5.37
Total financial assets	7.04	5.37	7.04	5.37

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.

23 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, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 19	-	-	7.04

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 18	-	-	5.37

24 Financial risk management

The company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents.

The company is exposed to liquidity risk.The company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

I Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the company operates. "

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity profile of the group's financial liabilities based on their contractual maturities for :

March 31, 2019	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	5.54	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	338.44	-	400.00	-	-
Trade Payables	-	5.85	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.01	-	-	-

25 Capital Management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	March 31, 2019	March 31, 2018
Borrowings	738.44	738.44
Trade payables	5.54	5.85
Cash and cash equivalents	(62.13)	(65.14)
Equity	(383.16)	(390.70)

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, 2019 and March 31, 2018.

26 Previous years figures are re-grouped/re-classified to conform to current years classification.

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Board of Directors
Ravinder Advani
Amitabha Mukhopadhyay
Wolf Cornelius (upto 11th April, 2019)
Hemant Mohgaonkar(w.e.f. 11th April, 2019)
Rajendran Arunachalam (w.e.f. 10th May, 2019)

Registered Office
Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune – 411003

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

Key Managerial Personnel
Mahesh Kulkarni (Manager)
Ravi Shewade (Manager)
Rohit Joshi (Company Secretary)
Sanjay Jakhotiya (CFO)

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

Bankers
Corporation Bank
Axis Bank

DIRECTORS' REPORT

Dear Shareholders,

The Directors present their Ninth Annual Report of the company for the year ended March 31, 2019.

FINANCIAL RESULTS

(Rs. Lakhs)

Particulars	2018-19	2017-18
Total income	**6955.81**	1443.79
Profit/(Loss) before depreciation	**(188.63)**	(773.10)
Depreciation	**1.45**	3.21
Profit/(Loss) before tax	**(190.08)**	(776.31)
Provision for taxation (incl. deferred tax)	**Nil**	Nil
Profit/(Loss) after tax	**(190.08)**	(776.31)

STATE OF COMPANY'S AFFAIRS

The company is a strategic joint venture (JV) between Thermax Limited and Balcke-Dürr GMBH and Mutares Holding-24 AG, a wholly owned subsidiary of Mutares AG. The JV has Air Cooled Condenser [ACC] product which is widely used on turbine exhaust application with a view to reduce water consumption in power generation. Your company sees a bright business opportunity this year as the cement sector is continuously adding the Power generation capacity and all of them require Air Cooled condenser for same. Besides this more and more industry segments are becoming water conscious and we are seeing a good amount of Enquires inflow from other sectors as well. To further increase the product basket TSPX is also seriously looking at ACHE (Air cooled heat exchanger) for process industries. TSPX has also taken up a research activity to develop Single Row ACC of their own in collaboration with IIT Mumbai. Over all your company is confident of outperforming this year on all aspects

During the year, the company earned a total income of Rs. 6955.81 Lakh as against Rs. 1443.79 Lakh in the previous year. Current year loss was Rs. 190.08 Lakh as against previous year's profit after tax of Rs. Rs. (776.31) Lakh.

MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

The Thermax Limited has entered into share purchase agreement on 25th February, 2019 among MUTARS HOLDING -24 AG AND BACLKE DUERR GmbH AND THERMAX LIMITED AND THERMAX SPX ENERGY TECHNOLOGIES LIMITED (TSPX) and in process/ proposes to acquire balance 49% thereby making TSPX a wholly Owned Subsidiary of Thermax Limited.

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, 2019.

PARTICULARS OF LOAN GUARANTEE AND INVESTMENT

During the year company has not given loans, guarantees and investments covered under the provisions of Section 186 of Companies Act 2013.

BUSINESS RISK MANAGEMENT

The company has identified and classified its key risks pertaining to the core business and has a broad framework in place for effective risk identification, review and mitigation. The company will continue to actively monitor and strengthen its risk management framework.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal 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 Board and follow-up measures are taken.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The Board had adopted at its meeting held on January 18, 2017 a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. A detailed policy is annexed herewith as "Annexure 1" and forms part of this report.

DIRECTORS

Mr. Sanjay Parande and Mr. Sundar Parthasarathy had been appointed as an Independent on Board dated 13th July, 2015 to 12th July, 2018. Both of the Directors completed their term of appointment on 12th July, 2018.

Mr. Hemant Mohgaonkar and Mr. Rajendran Arunachalam had been appointed on board on 11th April, 2019 and 10th May, 2019 respectively.

Consequently Mr. Wolf Cornelius has resigned from the office of the director with effect from 11th April, 2019.

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

CHANGE IN KEY MANAGERIAL PERSONNEL (KMP)

There was no change in Key Managerial Personnel (KMP)

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD MEETINGS

During the year, the Board met three times on May 14, 2018, September 12, 2018, and January 2, 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

The Company implemented and adopted revised Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) which had revised with effect from 1st October, 2017.

COMMITTEES OF THE BOARD

The Audit Committee gets dissolved after completion of term of Independent Directors on 12th July, 2018.

AUDIT COMMITTEE

The Audit committee met on May 14, 2018 where all members were present.

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.

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, which helps the Company's customers to reduce potable water consumption, (The Future Product line will also take care of this aspect) 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-19	31-Mar-18
Earnings		
Reimbursement of Expenses	**0.00**	0.00
Expenditure		
Royalty	**0.00**	0.00
Capital Expenditure	**0.00**	0.00
Net	**0.00**	0.00

PARTICULAR OF EMPLOYEES

None of the employees are covered by the provisions contained in rule 5(2) of the companies (Appointment and remuneration of Managerial personnel) Rules, 2014 framed under the companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

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

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

AUDITORS

M/s. B.K. Khare & Company, Chartered Accountants, Statutory Auditors of the Company till the conclusion of 10th Annual General Meeting.

The term of M/s. B.K. Khare & Company, Chartered Accountants, Statutory Auditors of the Company expires at the ensuing 10th Annual General Meeting as per section 139(2) read with rule 6 of Companies (Audit and Auditors) Rules, 2014.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors of

Thermax SPX Energy Technologies Limited

	Ravinder Advani	**Hemant Mohagaonkar**
Place: Pune,	Director	Director
Date: 10th May, 2019	DIN: 01677195	DIN: 01308831

ANNEXURE1

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

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

(1) Criteria for selection and appointment of Directors:

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

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

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

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

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

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

(2) Remuneration:

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

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

Remuneration Policy for Senior Management, KMPs and employees:

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

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

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

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

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

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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	:	NSDL Database Management Limited Address: 4th floor, A wing, Trade world, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Air Cooled Condenser (ACC)	28110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
1	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	51	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% 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	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
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**
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt.(s)					**NIL**				
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian					**NIL**				
ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	5	5	0	-	5	5	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					**NIL**				
- 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 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Thermax Limited	10199995	51%	NIL	10199995	51%	NIL	NIL
2	Balcke-Dürr GmbH	5200000	26%	NIL	5200000	26%	NIL	NIL
3	Mutares Holding-24 AG	4600000	23%	NIL	4600000	23%	NIL	NIL
	Total	**19999995**	**100%**	**NIL**	**19999995**	**100%**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
1.	**N A**	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity)	NIL			
	At the End of the year				

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

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
------------------------------------NIL------------------------------------								

(V) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the company				No. of shares	% of total shares of the company
------------------------------------NIL------------------------------------								

V. INDEBTEDNESS:

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

				Amount in Rs. Lakh
	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year (01.04.2018)	----------------------------------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 (31.03.2019)				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

				Amount in Lakh
Sl. no.	**Particulars of Remuneration**	**Manager (Mahesh Kulkarni)**	**Manager (Ravi Shewade)**	**Total Amount in Rs.**
1	Gross salary			
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	24.15	23.57	47.72
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	0.38	0.13	0.51
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission- as % of profit - others, specify…	Nil	Nil	Nil
5	Others, please specify (Retrial Benefits)	2.74	2.38	5.12
	Total(A)	27.27	26.08	53.35

B. Remuneration to other directors:

						Amount in Rs. Lakh
Sl. no.	**Particulars of Remuneration**	**Name of Directors**				**Total Amount**
1.	Independent Directors	Sanjay Parande		Sundar Parthasarathy		
	Fee for attending board / committee meetings	1.10		1.10		2.20
	Commission	-		-		-
	Others, please specify	-		-		-
	Total(1)	1.10		1.10		2.20
2.	Other Non-Executive Directors Directors	Ravinder Advani	Amitabha Mukhopadhyay	Dr. Wolf Cornelius		**Total Amount**
	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

Sl. No.	Particulars of Remuneration		
		Company Secretary (Rohit Joshi)	**Total Amount in Rs. Lakh**
1.	Gross salary	4.44	4.44
	(a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961	NIL	NIL
	(b) Value of perquisites u/s 17(2)Income-taxAct,1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3)Income-taxAct,1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as% of profit		
	- Others, specify		
5.	Others, please specify (Retrial Benefits)	0.42	0.42
	Total	4.86	4.86

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 SPX Energy Technologies Limited

	Ravinder Advani	**Hemant Mohgaonkar**
Place: Pune,	Director	Director
Date: 10th May, 2019	DIN: 01677195	DIN: 01308831

Independent Auditor's Report

To the Members of **Thermax SPX Energy Technologies Limited**.

Report on the Ind AS Financial Statements

Opinion

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, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Company's Act,2013 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, 2019, and its losses, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 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.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of

Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.

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

For **B. K. Khare& Co.**

Chartered Accountants

ICAI Firm Registration Number: 105102W

Shirish Rahalkar

Partner

Membership Number: 111212

Place: Mumbai

Date: May 10, 2019

"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 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) 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) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax (GST), Custom Duty, Excise Duty and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax or duty of custom or duty of excise or Goods and Service Tax (GST) and value added tax not deposited on account of any dispute.

(viii) In our opinion and according to the information and 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 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 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) 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: Mumbai

Date: May 10, 2019

"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, 2019 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, 2019, 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: Mumbai

Date: May 10, 2019

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Balance Sheet as at March 31, 2019

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

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	3	6.31	8.99
Intangible assets	4	-	0.53
Financial assets	7 (a)	31.56	30.42
Income tax assets (net)	10	34.64	28.81
Other non-current assets	9	4.05	2.07
Total non-current assets		**76.56**	**70.82**
II. Current assets			
Financial assets			
(a) Investments	5	21.45	547.43
(b) Trade receivables	6	1,229.22	883.63
(c) Cash and cash equivalents	11 (a)	76.64	45.27
(d) Bank balances other than (c) above	11 (b)	1,315.36	818.00
(e) Loans	7 (b)	1.17	0.61
(f) Other financial assets	8	47.40	25.07
Other current assets	12	578.05	758.42
Total current assets		**3,269.29**	**3,078.43**
Total		**3,345.85**	**3,149.25**
III. Equity and liabilities			
Equity share capital	13	2,000.00	2,000.00
Other equity	14	(1,986.22)	(1,797.96)
		13.78	**202.04**
IV. Current liabilities			
Financial liabilities			
(a) Trade payables	15	834.19	806.22
(b) Other current financial liabilities	16	33.88	48.05
Other current liabilities	18	2,344.37	1,961.03
Provisions	17	119.63	131.91
		3,332.07	**2,947.21**
Total		**3,345.85**	**3,149.25**
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, 2019

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

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	19	6,849.71	1,364.63
Other income	20 (a)	27.42	42.40
Finance Income	20 (b)	78.68	36.76
Total Income (I)		**6,955.81**	**1,443.79**
Expenses			
Projects Bought outs and Components	21	6,447.86	1,751.85
Employee benefits expense	22	295.12	297.32
Depreciation and amortisation expense	23	3.09	3.21
Other Expenses	24 (a)	398.41	167.72
Total expenses (II)		**7,144.48**	**2,220.10**
Profit/ (loss) before exceptional items and tax [(I) - (II)]		(188.67)	(776.31)
Less: Exceptional items		-	-
Profit/(loss) before tax (I-II)		**(188.67)**	**(776.31)**
Tax expense		-	-
Profit/(loss) for the year		**(188.67)**	**(776.31)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		0.41	0.15
"Total other comprehensive income for the year, net of tax."		0.41	0.15
Total comprehensive income for the year		(188.26)	(776.16)
"Earning per equity share [Nominal value per share Rs.10/- (March 31, 2018: 10/-)] Basic and Diluted"	25	(0.94)	(3.88)
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

For and on behalf of the Board of Directors of
Thermax SPX Energy Technologies Limited

Shirish Rahalkar
Partner
Membership No. 111212

Ravinder Advani
Director
DIN: 01677195

Amitabha Mukhopadhyay
Director
DIN: 01806781

Place: Pune
Date: 10th May 2019

Mahesh Kulkarni
Manager

Ravi Shewade
Manager

Sanjay Jakhotiya
CFO

Rohit Joshi
Company Secretary

Place: Pune
Date: 10th May 2019

Cash flow statement for the year ended March 31, 2019

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

	Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A)	**Cash flows from operating activities**		
	Profit (loss) before tax	(188.67)	(776.31)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortization	3.09	3.21
	Liabilities no longer required written back	(3.54)	-
	Fair value gain on financial instrument at fair value through profit & loss	(6.88)	-
	Interest income	(78.68)	(36.69)
	Dividend income classified as investing cash flows	(4.34)	(23.70)
	Working capital adjustments		
	(Increase) / Decrease in Trade Receivables	(345.59)	442.54
	(Increase) / Decrease in Inventories	-	-
	(Increase) / Decrease in Other non-current assets	(1.98)	0.80
	(Increase) / Decrease in Other current financial assets	(22.89)	(16.00)
	(Increase) / Decrease in Other current assets	180.37	(706.05)
	Increase / (Decrease) in Trade Payables	27.97	58.49
	Increase / (Decrease) in Other current liabilities	385.74	1,088.97
	Increase / (Decrease) in Provisions	(11.87)	36.62
	Increase / (Decrease) in Other current financial liabilities	(14.17)	8.37
	Net Cash generated from operations	**(81.44)**	**80.25**
	Direct taxes paid (net of refunds received)	(5.83)	(4.23)
	Net cash inflow/(outflow) from operating activities	**(87.27)**	**76.02**
B)	**Cash flows from investing activities**		
	Purchase of Fixed Assets	0.12	(6.08)
	(Purchase) /Sale of other Investments	532.86	(110.12)
	Interest/dividend/brokerage received	83.02	60.39
	Increase/ (decrease) in other current interest bearing deposit	(497.36)	(318.00)
	Net cash flows used in investing activities	**118.64**	**(373.81)**
	Net cash flows used in financing activities	-	-
	Net increase / (decrease) in cash and cash equivalents	**31.37**	**(297.79)**
	Cash and cash equivalents at the beginning of the year	45.27	343.06
	Cash and cash equivalents at the end of the year	**76.64**	**45.27**

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

	March 31, 2019	March 31, 2018
Cash and cash equivalents (Note 11 a)	**76.64**	**45.27**
Balances as per Cash flow statement	**76.64**	**45.27**

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: 10th May 2019

For and on behalf of the Board of Directors of
Thermax SPX Energy Technologies Limited

Ravinder Advani	**Amitabha Mukhopadhyay**
Director	Director
DIN: 01677195	DIN: 01806781

Mahesh Kulkarni	**Ravi Shewade**	**Sanjay Jakhotiya**	**Rohit Joshi**
Manager	Manager	CFO	Company Secretary

Place: Pune
Date: 10th May 2019

Statement of changes in Equity for the year ended March 31, 2019
(All amounts are in Rupees in Lakhs, except per share data and unless stated otherwise)

Statement of changes in Equity

A Equity Share Capital

Particulars	**March 31, 2019**	March 31, 2018
Balance at the beginnning of the reporting period	2,000.00	2,000.00
Changes in equity shares capital during the year	-	-
Balance at the end of the reporting period	2,000.00	2,000.00

B Other Equity

Particulars	**Reserves & Surlus**	**Items of OCI**	**Total Equity**
	Retained Earnings	**Effective portion of cash flow hedge**	
As at March 31, 2017	(1021.80)	-	(1,021.80)
Profit for the year	(776.31)	-	(776.31)
Other Comprehensive Income	0.15	-	0.15
Total comprehensive income	(1797.96)	-	(1,797.96)
As at March 31, 2018	(1797.96)	-	(1,797.96)
Profit for the year	(188.67)	-	(188.67)
Other Comprehensive Income	0.41	-	0.41
Total comprehensive income	(1986.22)	-	(1,986.22)
As at March 31, 2019	(1986.22)	-	(1,986.22)

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 10, 2019. The CIN of the Company is U29299PN2009PLC134761.

2. Significant accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and 2017.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 29.

(b) Basis of measurement

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

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

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

2.2. Changes in accounting policies and disclosures

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

On transition to Ind AS 115, the Company has elected to adopt the new revenue standard as per modified retrospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2018. The comparative financial statements for year ended March 31, 2018 are not restated.

2.3 Summary of significant accounting policies

a. Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

b. Foreign currencies

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

Transactions and balances

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

c. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

► Disclosures for valuation methods, significant estimates and assumptions (Note no. 29)
► Quantitative disclosures of fair value measurement hierarchy (Note no. 34(b))
► Financial instruments (Note no. 2.3 (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.

e. Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

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

Asset category	Life (years)
Computer software	3 to 5

f. Inventories

Project bought out goods are valued at lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

g. Revenue recognition

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

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

Sale of goods
Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services
Revenue in respect of operation and maintenance contracts is recognized on a time proportion basis. The Company collects Goods and Service Tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Contract revenue
Projects are contracts specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, (e.g., construction of project along with its maintenance and support), in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.
The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:
(a) The customer simultaneously consumes the benefits as the Company performs, or
(b) The customer controls the work-in-progress, or
(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

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

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

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

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

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

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

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

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.

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) Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

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

The Company does not use hedges of net investment.

j. Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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

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

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

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

► When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

► In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

► When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

► In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Deferred tax assets have not been recognised in respect of Deductible temporary differences and Tax losses carried forward for year ended 31st March 2019 and 31st March 2018.

Deferred tax assets have not been recognised in respect of these items because of uncertainty relating to availability of future taxable profits against which they can be realized.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

► When receivables and payables are stated with the amount of tax included

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

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

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of profit and loss.

n. Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the

reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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

Warranty provisions

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

Provision for onerous contracts

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

o. Retirement and other employee benefits

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

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

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

p. Contingent liability

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

q. Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

r. Dividends

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

s. Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

t. Standards issued but not yet effective

Ind AS 116, Leases:

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for period beginning on or after April 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from current accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on lease accounting from the application of Ind AS 116 will be subject to assessments that are dependent on many variable including, but not limited to, composition of the lease portfolio and the relevant discount rates at the date of adoption. The Company is in the process to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

ii) Other standards:

- Ind AS 12 Income taxes to insert of Appendix C Uncertainty over income tax treatments.
- Ind AS 19 Employee Benefits
- Ind AS 23 Borrowing Costs
- Ind AS 28 Investments in Associates and Joint Ventures
- Ind AS 109 Financial Instruments
- Ind AS 111 Joint Arrangements

3 Property, Plant and Equipment

Particulars	Computer	Office Equipments	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Gross Carrying Value as on April 1, 2017	**5.56**	**0.03**	**0.02**	**1.31**	**2.94**	**9.86**
Addition	5.97	0.09	-	-	-	6.06
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2018	11.53	0.12	0.02	1.31	2.94	15.92
Accumulated Depreciation						
Balance As at April 1, 2017	1.12	-	-	1.15	2.26	4.53
Charge for the year	1.94	0.09	-	0.07	0.30	2.40
Disposals	-	-	-		-	-
Closing accumulated depreciation as at March 31, 2018	3.06	0.09	-	1.22	2.56	6.93
Cost As on April 1, 2018	11.53	0.12	0.02	1.31	2.94	15.92
Additions	0.08	0.12	-	-	-	0.20
Disposals	(0.27)	(0.03)	-	-	-	(0.31)
Gross carrying amount as at March 31, 2019	11.32	0.21	0.02	1.31	2.94	15.80
Accumulated Depreciation						
Balance As at April 1, 2018	3.06	0.09	-	1.22	2.56	6.93
Charge for the year	2.41	-	-	-	0.15	2.56
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2019	5.47	0.09	-	1.22	2.71	9.49
Net Block March 31, 2019	5.85	0.12	0.02	0.09	0.23	6.31
Net Block March 31, 2018	8.48	0.03	0.02	0.09	0.38	8.99

4 Intangible Assets

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

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2018	3.09	3.09
Addition	-	-
Disposals	-	-
Gross carrying amount as at March 31, 2018	3.09	3.09
Accumulated Depreciation		-
Balance As at April 1, 2018	1.75	1.75
Charge for the year	0.81	0.81
Disposals	-	-
Closing accumulated depreciation as at March 31, 2018	2.56	2.56
Gross carrying amount as at April 1, 2018	3.09	3.09
Additions	-	-
Disposals/Adjustments	-	-
Gross carrying amount as on March 31, 2019	3.09	3.09
Accumulated Depreciation		
Balance As at April 1, 2018	2.56	2.56
Charge for the year	0.53	0.53
Disposals	-	-
Closing accumulated depreciation as at March 31, 2019	3.09	3.09
Net Block March 31, 2019	-	-
Net Block March 31, 2018	0.53	0.53

5 Current Investments

Particulars	**Face value per Unit**	**Number of Units**		**Amount**	
		March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (unquoted)					
(i) Kotak Liquid Scheme Plan A - Dividend re-investment	10.00	483.064	7,169.20	5.91	87.67
(ii) ICICI Prudential Money Market Fund - Dividend Reinvestment	10.00	2664.732	1,11,187.86	2.67	111.41
(iii) UTI Liquid Cash Institutional Daily dividend plan - Dividend re-investment	10.00	878.435	9,765.07	8.96	99.55
(iv) Tata Liquid Fund Direct Growth Plan	10.00	23.799	3,335.37	0.70	106.86
(v) Tata Money Market Fund - Direct Growth Plan	10.00	-	3,526.30	-	96.56
(vi) BSL Floating Rate Fund Short Term Daily dividend plan - Dividend re- investment	10.00	513.678	45,305.58	1.54	45.38
(vii) DSP Liquidity Fund	10.00	13.313	-	0.36	-
(viii) L&T Liquid Fund Direct Plan -Growth	10.00	51.47	-	1.32	-
Total Current Investments				21.45	547.43
Aggregate amount of unquoted investments and market value thereof				21.45	547.43

Investments at fair value through profit or loss reflect investment in quoted equity and debt securities. Refer note 2.3 (c) for determination of their fair values.

6 Current trade receivables

	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Receivables from related parties (refer note 33(b))	175.49	55.13
Others	1,053.73	828.50
Total receivables	1,229.22	883.63
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	1,229.22	883.63
Trade Receivables which have a significant increase in credit risk	10.32	16.76
	1,239.54	900.39
Less: Impairment allowance (including provision for bad & doubtful debts)	10.32	16.76
Total	**1,229.22**	**883.63**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. None of the trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7 (a) Non-current financial assets

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Security deposits*	31.56	30.42
Total	**31.56**	**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.

*Includes deposits given to related parties Rs. 30.42 Lakhs (March 2018 Rs. 30.42 Lakhs).Refer note 33.

7 (b) Current loans

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Loans to staff	1.17	0.61
Total	**1.17**	**0.61**

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, 2019	As at March 31, 2018
Unbilled revenue	9.35	6.63
Interest Accrued but not due	38.05	18.44
Total	**47.40**	**25.07**

9 Other non current assets

	As at March 31, 2019	As at March 31, 2018
Sales Tax Recoverable	4.05	2.07
Total	**4.05**	**2.07**

10 Income Tax Assets(net)

	As at March 31, 2019	As at March 31, 2018
TDS Receiveable	34.64	28.81
Total	**34.64**	**28.81**

11(a) Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balances with banks		
- in current accounts	76.64	45.27
Total	**76.64**	**45.27**

11(b) Other bank balances

	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity of more than 3 months but less than 12 months	1,315.36	818.00
Total	**1,315.36**	**818.00**

12 Other current assets

	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Advance to supplier	557.48	751.53
Advances to Staff and Workers	2.32	1.97
Prepaid Expenses	4.05	4.92
Balances with government authorities*	14.20	-
Total	**578.05**	**758.42**

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

*Mainly include Goods and Service Tax etc

Break-up of financial assets carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Trade receivables	1,229.22	883.63
Security deposits	31.56	30.42
Loans to staff	1.17	0.61
Other financial assets	47.40	25.07
Cash and cash equivalents (note 11(a))	76.64	45.27
Bank balances other than cash and cash equivalents	1,315.36	818.00
Total	2,701.35	1,803.00
Current assets	2,669.79	1,772.58
Non-current assets	31.56	30.42
Total	2,701.35	1,803.00

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

	As at March 31, 2019	As at March 31, 2018
Investments	21.45	547.43
Total	21.45	547.43
Current assets	21.45	547.43
Non-current assets	-	-
Total	21.45	547.43

13 Share capital

	As at March 31, 2019	As at March 31, 2018
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
Note - 13		
Issued, subscribed and fully paid share capital (Nos)		
2,00,00,000 (Previous Year: 2,00,00,000) Equity Shares of Rs 10 /- each.	2,000.00	2,000.00
Total issued, subscribed and fully paid-up share capital	2,000.00	2,000.00

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2017	2,00,00,000
Changes during the period	-
At March 31, 2018	2,00,00,000
Changes during the period	-
At March 31, 2019	2,00,00,000

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at March 31, 2019	As at March 31, 2018	%
	No. of shares	No. of shares	
Thermax Limited	10,20,0000	10,20,0000	51%
Balcke-Dürr GmbH	52,00,000	52,00,000	26%
Mutares Holding-24 AG	46,00,000	46,00,000	23%

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

14 Other equity

	As at March 31, 2019	As at March 31, 2018
Reserves and surplus		
Retained earnings		
Opening balance	(1,797.96)	(1,021.80)
Add: Profit for the year	(188.67)	(776.31)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations,	0.41	0.15
Net surplus in the statement of profit and loss	(1,986.22)	(1,797.96)
Total	(1,986.22)	(1,797.96)

15 Current trade payables

	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	380.32	504.46
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 33 (b))	89.54	140.68
(ii) Others	364.33	161.08
Total	**834.19**	**806.22**

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

	March 31, 2019	March 31, 2018
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	379.04	504.46
Interest due thereon	1.28	-
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	1.28	-
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	-	-

Trade payables are non-interest bearing and are normally settled between Zero to 60 days.

16 Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Employee related payables	33.88	47.72
Fair value non hedges		
Derivative instruments - Foreign Exchange Forward Contracts	-	0.33
Total	**33.88**	**48.05**

17 Current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for gratuity (note 31 A)	7.27	4.84
Provision for leave encashment	26.58	23.40
	33.85	28.24
Other provisions		
Provision for onerous contracts (refer note: 2.3.n)	24.58	31.55
Provision for warranties (refer note: 2.3.n)	61.20	72.12
	85.78	103.67
Total	**119.63**	**131.91**

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contracted warranty period.

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	Provision for warranties
As at April 1, 2018		
Balance at the beginning	31.55	72.12
Charged/(Credited) to profit or loss	(6.97)	(10.92)
As at March 31, 2019	24.58	61.20
Current	24.58	61.20
Non-Current	-	-
Total	24.58	61.20

18 Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Unearned revenue	1,097.04	928.18
Balance Payable to Government Authorities	-	12.00
Revenue received in advance*	1,241.72	1,016.29
Statutory dues and other liabilities**	5.61	4.56
Total	2,344.37	1,961.03

* Includes amount received as advance from related parties for March'19 Rs 126.23 (March'18 Rs. 167.35)

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Trade payable	834.19	806.22
Employee related payables	33.88	47.72
Derivative instruments - Foreign Exchange Forward Contracts	-	0.33
	868.07	854.27
Current liabilities	868.07	854.27
Non current liabilities	-	-
	868.07	854.27

19 Revenue from operations (net)

i) Disaggregated revenue

	March 31, 2019	March 31, 2018
Sale of products and services		
Sale of Project Bought out goods	6,690.85	1,338.29
Sale of services	152.24	31.42
Total revenue	6,843.09	1,369.71
Timing of revenue recognised during the year		
Over a period of time basis	6,843.09	1,369.71
At a point-in-time basis	-	-
Total revenue	6,843.09	1,369.71
Geographical market of revenue recognised during the year		
Within India	6,843.09	1,369.71
Outside India	-	-
Total revenue	**6,843.09**	**1,369.71**

ii) Contract balances

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

	As at March 31, 2019	As at March 31, 2018
Trade receivables	1,229.22	883.63
Unbilled revenue	9.35	6.63
Unearned revenue	1,097.04	928.18
Customer advances	1,241.72	1,016.29

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables when the rights become unconditional.

The Contract liabilities relate to the unearned revenue (excess of billings or invoicing over revenue) and advance consideration received from customers and performance obligations still to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash position.

"iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period "

	March 31,2019
Unearned revenue	1,592.81
Customer advance	762.69

iv) Changes in unbilled revenue and unearned revenue for the year

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

	March 31,2019
Opening unbilled revenue (refer note 8)	6.63
Opening unearned revenue (refer note 18)	928.18
- Transfer of contract assets to receivable from opening unbilled revenue	6.63
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	928.18
- Transfer of contract assets to receivable	6,992.56
- Increase in revenue as a result of changes in the measure of progress	5,914.91
- Impairment	-
Closing unbilled revenue (refer note 8)	9.35
Closing unearned revenue (refer note 18)	1,097.04

v) Performance obligations

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

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

Revenue from service contracts are recognised on time proportion basis as per the terms of the contracts.

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

vi) Remaining performance obligations

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

	March 31,2019
Amount of revenue yet to be recognised for contracts in progress as on March 31, 2019	4,891.94
Revenue to be recognised within one year	4,891.94
Revenue to be recognised more than one year	-

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

vii) Other operating revenue

	March 31, 2019	March 31, 2018
Exchange fluctuation gain/ (Loss) (net)	6.62	(5.08)
Total	6.62	(5.08)
Revenue from operations (net)	6,849.71	1,364.63

This includes revenue from construction contracts of Rs 6843.09 Lakhs (March 2018 Rs 1369.71 Lakhs)

20 (a) Other income

	March 31, 2019	March 31, 2018
Dividend income		
Current investment	4.34	23.70
Liabilities no longer required written back	3.54	-
Fair value gain on financial instrument at fair value through profit & loss	6.88	18.70
Miscellaneous income	12.66	-
Total	**27.42**	**42.40**

20 (b) Finance income

	March 31, 2019	March 31, 2018
Interest income from financial assets at amortised cost		
Bank deposits	78.62	36.69
Others	0.06	0.07
Total	**78.68**	**36.76**

21 Projects Bought outs and Components

	March 31, 2019	March 31, 2018
Projects Bought outs and Components	6,447.86	1,751.85
Total	**6,447.86**	**1,751.85**

22 Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries and wages	259.25	259.45
Contribution to provident and other funds	27.51	25.81
Gratuity expense (note 31 A)	2.83	4.29
Staff welfare expenses	5.53	7.77
	295.12	297.32

23 Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation of tangible assets (note 3)	2.56	2.40
Amortization of intangible assets (note 4)	0.53	0.81
	3.09	3.21

24 (a) Other expenses

	March 31, 2019	March 31, 2018
Consumption of stores and spare parts	5.54	1.00
Power and fuel	5.30	5.39
Site expenses and Contract labour charges	196.86	35.00
Drawing, design and technical service charges	16.51	5.52
Advertisement and sales promotion	0.28	-
Rent	75.70	31.19
Rates and taxes	1.72	1.20
Insurance	3.22	0.01
Repairs and maintenance		
Buildings	3.18	3.29
Others	2.07	1.50
Travelling and conveyance	33.71	23.44
Interest to MSMED	1.28	-
Legal and professional fees	17.67	7.70
Audit Fee (note 24(b))	3.10	1.00
Director sitting fees	2.20	3.35
Doubtful Advances/ Deposits	-	5.99
Provision for doubtful debts (net)	(6.44)	16.76
Warranty expenses (net)	18.75	11.43
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	17.76	13.95
Total	398.41	167.72

24 (b) Payment to auditors

	March 31, 2019	March 31, 2018
As auditor		
Audit Fee	2.50	0.80
Tax audit fee	0.35	0.10
In other capacity		
Other services	0.15	0.10
Reimbursement of expenses	0.10	-
Total	**3.10**	**1.00**

25 Earnings per share

	March 31, 2019	March 31, 2018
Net profit attributable to the Equity shareholders of the Company	(188.67)	(776.31)
Weighted average number of Equity shares of Rs.10/- each	2,00,00,000	2,00,00,000
Basic and Diluted EPS	(0.94)	(3.88)

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 31,2019		
Foreign currency translation differences	-	-
Currency forward contracts	-	-
Reclassified to statement of profit or loss	-	-
Re-measurement gains (losses) on defined benefit plans	-	0.41
Total	-	0.41
During the year ended March 31,2018		
Foreign currency translation differences	-	-
Currency forward contracts	-	-
Reclassified to statement of profit or loss	-	-
Re-measurement gains (losses) on defined benefit plans	-	0.15
Total	**-**	**0.15**

27 Construction contracts

	Year ended March 31, 2019	Year ended March 31, 2018
Contract Revenue recognised during the year	6,690.85	1,338.29
In respect of contracts in progress as at March 31 :		

Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	15,163.99	8,336.70

	March 31, 2019	March 31, 2018
Customer advance outstanding for contracts in progress	1,241.72	1016.29
Retention money due from customers for contracts in progress	451.48	210.29
Gross amount due from customers [disclosed as unbilled revenue (Refer note 8)]	9.35	6.63
Gross amount due to customers [disclosed as unearned revenue (Refer note 18)]	1,097.04	928.18

28 Income Taxes

Deferred tax assets has not been recognised in respect of depreciation because of uncertainity of future taxable profits.

29. Significant accounting judgements, estimates and assumptions

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

Judgements

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

1. **Revenue recognition on construction contracts**

   A significant portion of the Company's business relates to construction of assets which are accounted using percentage-of-completion method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts which need to be accounted under percentage-of-completion method, depending upon the level of customization and the period of the fulfilment of the performance obligations under the contract. The percentage-of-completion method requires Management to make significant estimates of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

2. **Legal contingencies**

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

3. **Segment reporting**

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

   The Company has determined that the CODM is the Managers, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into one reportable segments i.e. Energy (Air cooled condenser)

Estimates and assumptions

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

1. **Constructions contracts:**

   - Provisions for liquidated damages claims (LDs): the Company provides for LD claims to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.

   - Project cost to complete estimates: at each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs 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.

2. **Defined benefit plans - gratuity**

   The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

   Further details about gratuity obligations are given in Note 31.

3. **Warranty provision**

   The Company generally offers 12 to 18 months warranties for its products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives.

4. **Useful lives of property, plant and equipment and intangible assets**

   The Company determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

5. **Deferred taxes**

   At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

6. **Segment Reporting**

As the company operates in a single segment no separate disclosures are required.

30 **Lease commitments**

a) **Operating lease: Company as lessee**

The Company has taken office buildings on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing.

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

	March 31, 2019	March 31, 2018
Lease payments for the year	75.7	31.19

31 A **Gratuity**

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

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

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
April 1, 2017	26.20	(23.72)	2.48
Current service cost	3.93	0.25	4.18
Interest expense/(income)	1.82	(1.71)	0.11
Adjustment to opening value	-		-
Total amount recognised in Profit or Loss	5.75	(1.46)	4.29
Experience adjustments	1.37	(0.07)	1.30
Actuarial (gain)/loss from change in financial assumptions	(1.15)	-	(1.15)
Total amount recognised in Other Comprehensive Income	0.22	(0.07)	0.15
Employer contributions	-	(0.22)	(0.22)
Benefits paid	(1.85)	-	(1.85)
March 31, 2018	30.31	(25.47)	4.84

Particulars	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
April 1, 2018	30.31	(25.47)	4.84
Current service cost	3.74	0.02	3.76
Interest expense/(income)	2.24	(1.94)	0.30
Total amount recognised in Profit or Loss	5.98	(1.92)	4.06
Experience adjustments	(0.87)	0.06	(0.81)
Actuarial (gain)/loss from change in financial assumptions	0.41	-	0.41
Total amount recognised in Other Comprehensive Income	(0.46)	0.06	(0.40)
Employer contributions	-	-	-
Benefits paid/Transfer out	(2.44)	1.21	(1.23)
March 31, 2019	33.39	(26.12)	7.27

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

Particulars	**March 31, 2019**	March 31, 2018
Present value of funded obligation	33.39	30.31
Fair value of plan assets	(26.12)	(25.47)
Deficit of funded plan	7.27	4.84

III **Significant estimates**

The significant actuarial assumptions were as follows :

Particulars	**March 31, 2019**	March 31, 2018
Discount rate	7.60%	7.80%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.80%	7.20%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	10%	10%

IV **Sensitivity assets**

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

Assumption	Impact on defined benefit obligation	
	March 31, 2019	March 31, 2018
Discount rate		
1.00% increase	Decrease by 2.16	Decrease by 1.76
1.00% decrease	Increase by 1.95	Increase by 1.96
Future salary increase		
1.00% increase	Increase by 1.69	Increase by 1.67
1.00% decrease	Decrease by 1.82	Decrease by 1.53
Attrition Rate		
1.00% increase	Increase by 0.07	Increase by 0.08
1.00% decrease	Decrease by 0.06	Decrease by 0.09

"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, 2019**	March 31, 2018
Within next 12 months	3.63	4.77
Between 2-5 years	19.13	17.35
Between 5-10 years	28.92	26.89

V **The major categories of plan assets are as follows:**

Particulars	**March 31, 2019**	March 31, 2018
Investments with Insurer (LIC OF INDIA)	100.00%	100.00%

31 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 14.02 Lakhs (March 31, 2018 Rs. 12.19 Lakhs)

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	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	India
15	Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)	Denmark
16	Thermax SDN. BHD. (Malaysia)	Malaysia
17	Rifox – Hans Richter GmbH Spezialarmaturen (Germany)	Germany
18	Boilerworks A/S (Denmark)	Denmark
19	Boilerworks Properties ApS (Denmark)	Denmark
20	Thermax Senegal S.A.R.L.	Senegal
21	Thermax Energy and Environment Philippines Corporation	Philippines
22	Thermax Energy and Environment Lanka Pvt Ltd	Sri Lanka
23	Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia	Poland
24	Thermax Engineering Construction FZE	Nigeria
25	Thermax Nigeria Limited	Nigeria
26	PT Thermax International Indonesia	Indonesia
27	Thermax Engineering Singapore Pte. Ltd.	Singapore
28	Thermax Foundation	India
29	First Energy Private Ltd.	India

B Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2019	Ownership interest March 31, 2018	Type
1	RDA Holdings Pvt Ltd	India	-	-	Ultimate holding company
2	Thermax Limited	India	51%	51%	Holding company

C Party having substantial interest

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest March 31, 2019	Ownership interest March 31, 2018
1	Balcke Durr GmbH	Germany	26%	26%
2	Mutares Holding-24 AG	Mauritius	23%	23%

D Key Management Personnel:

Sr. No.	Name	Position
1	Mr. Sanjay Parande (upto 12th Jul-2018)	Independent Director
2	Mr. Sundar Parthasarathy (upto 12th Jul-2018)	Independent Director
3	Mr.Mahesh Kulkarni	Manager
4	Mr. Ravi Shewade	Manager
5	Mr. Rohit Joshi	Company Secretary
6	Mr. Sanjay Jakhotiya	CFO

33 (a) Transactions with Related parties:

	THERMAX LIMITED		THERMAX BABCOCKS & WILCOX ENERGY SOLUTIONS LTD		Total	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
a.Transactions during the year						
Sales of products and services	1510.00	845.92	-	-	1,510.00	845.92
Purchase of raw material and components and services	-	-	11.91	-	11.91	-
Reimbursement of expenses to related parties	36.12	38.25	-	-	36.12	38.25

33 (b) Balances with Related parties:

	THERMAX LIMITED		Total	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
b.Balances as at the year end				
Trade receivables	175.49	55.13	175.49	55.13
Security Deposit	30.42	30.42	30.42	30.42
Advances received	126.23	167.35	126.23	167.35
Trade payables and other liabilities	89.54	140.68	89.54	140.68

33 (c) Independent Director's Sitting Fee:

Particulars	**March 31, 2019**	March 31, 2018
Mr.Sunder Parthasarathy	1.10	1.10
Mr.Sanjay Parande	1.10	1.10

33 (d) KMP Remuneration

Particulars	Designation	**March 31, 2019**	March 31, 2018
Mr.Mahesh Kulkarni	Manager	27.27	24.56
Mr.Ravi Shewade	Manager	26.07	25.46
Mr.Mahesh Kakade	Company Secretary	-	8.18
Mr. Rohit Joshi	Company Secretary	4.86	-

34 (a) Fair value measurements
Financial instruments by category

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
Financial assets				
Investments				
Mutual funds	21.45	547.43	21.45	547.43
Total financial assets	21.45	547.43	21.45	547.43

The management assessed that cash and cash equivalents, trade receivables, loans, trade payables, other current financial liabilities and other current financial assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

34 (b) Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2019	21.45

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018

	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2018	547.43

The company transactions are primarily denoted in Indian Rupees, hence the risks associated with foreign currency transactions are not significant.

35 Capital Management

"For the purpose of the Company's capital management, capital includes issued equity capital to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents."

	March 31, 2019	March 31, 2018
Trade payables	834.19	806.22
Less: Cash and cash equivalents	1,392.00	863.27
Net debt	(557.81)	(57.05)
Equity	13.78	202.04
Capital and net debt	**(571.59)**	**(259.09)**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2019.

36 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.

37 "The Equity share capital of the Company is Rs. 2000 Lakhs and net worth of the Company at Mar-2019 is Rs.13.78 Lakhs. The Company has incurred a loss of Rs. 188.67 Lakhs and net cash outflow from operations during the year ended March 31, 2019.

Per management, use of going concern assumption is appropriate considering contracts in hand that are being executed and available cash and liquid financial assets to meet requirements of operating cash flow and parent support. Further, there is no active proposal being considered for sale of assets/operations of the Company."

38 During the year ended 31st March 2019, the Company has entered into Share Purchase Agreement with the MUTARES HOLDING- 24 AG and BALCKE-DUERR GmbH,joint venture partners, for transfer of 98,00,000 equity shares of the Company to Thermax Limited. Consequently, the Shareholders Agreement entered in to between Thermax Limited and SPX Netherland B.V. and SPX Corporation dated 26th August, 2009 has been terminated w.e.f. 11th April, 2019.

39 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors
Meher Pudumjee, Chairperson
M. S. Unnikrishnan
Ravinder Advani
Amitabha Mukhopadhyay

Registered Office
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema,
Colaba, Mumbai- 400039. Maharashtra, INDIA.

Auditors
B. K. Khare & Co.
706/707, Sharda Chambers, New Marine Lines,
Mumbai – 400020.

Key Managerial Personnel
Ravinder Advani, CEO
Abhay Shah, CFO
Apurva Gupte
Company Secretary

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

Bankers
ICICI Bank Ltd.
State Bank of India

Manufacturing Facility
Plot No. A-2 & A-3, Khandala Industrial Area, Phase-I,
MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara-412802,
Maharashtra.

DIRECTORS' REPORT

Dear Shareholders,

Your directors present their Ninth Annual Report together with the audited financial statements of your company for the year ended March 31, 2019.

FINANCIAL RESULTS

(Rs. in crore)

Particulars	2018-19	2017-18
Total income	66.81	167.85
Profit/(Loss) before exceptional items and tax	9.10	(41.63)
Exceptional items	133.47	--
Profit /(Loss) before tax	142.56	(41.63)
Deferred tax	(96.68)	Nil
Profit/ (Loss) for the year	239.24	(41.63)

PERFORMANCE

During the year, the company earned a total income of Rs. 66.81 crore as against Rs. 167.85 crore in the previous year. Profit after tax was Rs. 239.24 crore as against previous year's loss of Rs. (41.63) crore. Profit for the year before exceptional items and tax was Rs. 9.10 crore.

Upon acquisition of 24% shares held by Babcock & Wilcox India Holdings Inc. (BWIH) by Thermax Limited and Buy back of 25% shares held by BWIH by the company, the company has become a Wholly Owned Subsidiary of Thermax Limited on July 19, 2018. Subsequently, the Board at its meeting held on February 7, 2019 gave consent to acquire/ purchase the Boiler & Heater (B&H) business of Thermax Limited through a slump sale as a going concern. Accordingly, the management has considered reversal of impairment of loss of assets of Rs. 133.47 crore which has been shown as exceptional item and has recognised the previously unrecognized deferred tax assets amounting to Rs. 96.68 crore, on the basis of assessment of probability of future taxable profit.

AMOUNTS TRANSFERRED TO RESERVES

Capital reserve of Rs. 156.91 crore was created, on account of Buy back of 25% Shares held by BWIH by the company.

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

The authorized share capital was reclassified into Equity and Preference Capital vide Special Resolution passed by the shareholders on July 04, 2018.

52,700,000 8% Cumulative Redeemable Preference Shares were issued by way of preferential allotment to Thermax Limited.

Thermax Limited, holding company acquired 20,10,31,200 equity shares held by Babcock & Wilcox India Holdings Inc. (BWIH) in the company. The company has bought back 20,94,07,500 Equity shares held by Babcock & Wilcox India Holdings Inc. (BWIH) during the year whereby your company has become a Wholly Owned Subsidiary (WOS) of Thermax Limited.

ACQUISITION OF THE BOILER & HEATER (B&H) BUSINESS OF THERMAX LIMITED

The Board approved purchase of Boiler & Heater (B&H) business of Thermax Limited through a slump sale in February 2019.

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.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There is nothing to report under this section.

BUSINESS RISK MANAGEMENT

The company has instituted proven and established best practices for risk management, adopted from its promoter. 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 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.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Mr. Sundar K. Parthasarathy and Mr. Suhas Tuljapurkar, Independent Directors have tendered resignation on May 03, 2018 and May 14, 2018 from the directorship of the company.

As per the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. M.S. Unnikrishnan retires by rotation and being eligible offers himself for re-appointment as Director.

Key Managerial Personnel (KMP)

There was no change in the Key Managerial Personnel(s) KMP of the company during the year.

Board Meetings

During the year, the Board met six times on May 16, 2018, July 02, 2018, July 19, 2018, October 31, 2018, January 31, 2019 and February 07, 2019. The intervening gap between the meetings was less than as prescribed, under the Companies Act, 2013.

Remuneration Policy

The Nomination and Remuneration Committee has approved a policy for appointment and remuneration of directors and Key Managerial Personnel. During the year, the company has not paid any remuneration to its directors.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (3) (c) of the Companies Act, 2013, your directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state that -

a) In the preparation of the annual accounts for the year ended March 31, 2019, 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, 2019 and of the loss of the company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis;

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

BOARD COMMITTEES

Presently, the Board has the following three committees:

- Audit & Risk Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee

RELATED PARTY TRANSACTIONS

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

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT 9 is annexed herewith as *"Annexure 1"*.

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, were appointed as the statutory auditors of the company till the conclusion of Annual General Meeting held for the FY 2019-20.

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. Due to the sudden demise of Mr. Pankaj Dhamne, M/s. Anurag Vyas & Associates, Company Secretaries, Pune was appointed as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed herewith as *"Annexure 2"* 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 of Directors of

Thermax Babcock & Wilcox Energy Solutions

Pvt. Ltd.

Meher Pudumjee

Place: Pune — Chairperson

Date: May 17, 2019 — 00019581

Annexure 1

FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019
[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	:	NSDL Database Management Limited Address: 4th floor, A wing, Trade world, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai- 400013.

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	100	2(46)

SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt(s)	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	427191300	427191300	51	-	628222490	628222490	100	49
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	**-**	**427191300**	**427191300**	**51**	**-**	**628222490**	**628222490**	**100**	**49**
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	410438700	410438700	49	-	-	-	-	49
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**410438700**	**410438700**	**49**	**-**	**-**	**-**	**-**	**-49**
Total shareholding of Promoter (A)= (A)(1)+(A) (2)	**-**	**837630000**	**837630000**	**100**	**-**	**628222490**	**628222490**	**100**	**0**
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									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	10	10	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)	-	-	-	-	-	10	10	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	10	10	-	-
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**837630000**	**837630000**	**100**	**-**	**628222500**	**628222500**	**100**	**0**

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1	Thermax Limited	427191300	51	NIL	628222490	100	NIL	24%
2	Babcock & Wilcox India Holdings Inc.	410438700	49	NIL	--	--	--	--
	TOTAL	**837630000**	**100**	**NIL**	**628222490**	**100**	**NIL**	**24%**

iii. Change in Promoters' Shareholding:

Sl No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)		Shareholding at the end of the year (As on 31-03-2019)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Thermax Limited				
	At the beginning of the year	427191300	51		
	Purchase of shares	201031190	24		
	At the end of the year			628222490	100
	Babcock &Wilcox India Holdings Inc.				
	At the beginning of the year	410438700	49		
	Transfer of shares	201031200	24		
	Buy Back of Shares	209407500	25		
	At the end of the year	0	0	0	0

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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% of total shares of the company				No. of shares	% of total shares of the company
------------------------------------NIL------------------------------------								

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No	Name of the shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of shares at the beginning (01-04-2018)/ end of the year (31-03-2019)	% 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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2018)	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		-	-	
Change in indebtedness during the financial year	-			-
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year (31.03.2019)				
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 Director

Sl. no.	Particulars of Remuneration				Total Amount			
1.	Independent Directors	Suhas Tuljapurkar *		Sundar Parthasarathy *				
	Fee for attending board/committee meetings							
	Commission	Nil						
	Others, please specify							
	Total(1)							
2.	Other Non-Executive Directors/ Directors	Meher Pudumjee	M. S. Unnikrishnan	Ravinder Advani	Amitabha Mukhopadhyay	Mark Low*	Cameron Frymyer*	Christopher Jones*
	Fee for attending board	---------------------NIL-------------------						
	Committee meetings							
	Commission							
	Others, please specify							
	Rent for Premises							
	Security Deposit for Lease Premises							
	Total(2)							
	Total(B)=(1+2)							
	Total Managerial (A+B) Remuneration							
	Over all Ceiling as per the Act							

*(Vacated office during the year)

C. Remuneration to key managerial personnel other than MD/Manager/Whole time Director **(Amount in Rs. Lakh)**

Sr. No.	Particulars of remuneration	Key Managerial Personnel
I.	Ravinder Advani – CEO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Nil
b)	Value of perquisites u/s 17(2)Income taxAct,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.	-	Nil
6.	-	Nil
7.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Nil
II.	Abhay Shah – CFO	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	Nil
b)	Value of perquisites u/s 17(2) Income tax Act,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	
	-	Nil
	-	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	Nil
III.	Apurva Gupte – Company Secretary	
1.	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	5
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	
	-	Nil
	-	Nil
5.	Others, please specify (Retiral Benefits)	Nil
	TOTAL	5

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 of Directors of
Thermax Babcock & Wilcox Energy Solutions
Pvt. Ltd.

Meher Pudumjee
Chairperson
00019581

Place: Pune
Date: May 17, 2019

ANNEXURE - 2

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 2019
[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 400039

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, 2019 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, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under; ***(NOT APPLICABLE TO THE COMPANY)***

3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;***(NOT APPLICABLE TO THE COMPANY)***

4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 1992 ('SEBI Act');***(NOT APPLICABLE TO THE COMPANY)***

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;***(NOT APPLICABLE TO THE COMPANY)***

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;***(NOT APPLICABLE TO THE COMPANY)***

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;***(NOT APPLICABLE TO THE COMPANY)***

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;***(NOT APPLICABLE TO THE COMPANY)***

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;***(NOT APPLICABLE TO THE COMPANY)***

   (f) The Securities and Exchange Board of India (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.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions are carried through majority.

We further report that there are adequate systems and processing the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has re- classified its authorised share capital into equity and preference shares.

We further report that the Company has issued Cumulative Redeemable Preference Shares by way of preferential allotment.

We further report that the Company has bought back 20,94,07,500 Equity shares during the year.

We further report that the Board of Directors have approved purchase of Boiler & Heater (B&H) business of Thermax Limited through a slump sale during the year.

There were no instances of:

1. Merger / amalgamation / reconstruction
2. Foreign technical collaborations

For, **Anurag Vyas & Associates**
Company Secretaries

Anurag Vyas
Proprietor
Date: 17.05.2019
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 if this report.

"ANNEXURE A"
(01/04/2018 TO 31/03/2019)

To,
The Members,
THERMAX BABCOCK & WILCOX ENERGY
SOLUTIONS PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the sample test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on sample test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **Anurag Vyas & Associates**
Company Secretaries

Anurag Vyas
Proprietor
Date: 17.05.2019
Place: Pune

Independent Auditor's Report

TO THE MEMBERS OF
Thermax Babcock and Wilcox Energy Solutions Private Ltd

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Thermax Babcock and Wilcox Energy Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2019, and its profit and cash flows for the year ended on that date.

Basis for opinion

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

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

6. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

7. If, based on the work we have performed on the other information 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.

Responsibility of Management for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

10. 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.

11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

12. 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

    a. 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.

    b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

    c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    d. 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.

    e. 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.

14. 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.

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

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 B.

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

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term 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.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
Pune, May17, 2019

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 16 of our report of even date on the accounts of Members of Thermax Babcock and Wilcox Energy Solutions Private Limited for the year ended March 31, 2019

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

ii) 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.

iii) According to the information and explanation given to us the title deeds of immovable properties included in the Fixed Assets of the Company are held in the name of the Company.

2) 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.

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

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7) i) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Dutyand other statutory dues applicable to it with concerned authorities.

ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable that were outstanding, at the year end for a period of more than six months from the date they became payable.

iii) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax or duty of custom or duty of excise, value added tax and Goods and Service Tax (GST) not deposited on account of any dispute

8) The Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the order is not applicable to company.

9) In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer and hence reporting under clause (ix) is not applicable.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for any managerial remuneration. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company.

12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company

13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has made preferential allotment of preference shares during the year under review as per the requirement of section 42 of the Companies Act 2013. The funds raised were used for the purpose for which they were raised.There has no allotment of debentures during the year.

15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
Pune, May 17, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Thermax Babcock and Wilcox Energy Solutions Private Limited ("the Company") as of March 31, 2019 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Shirish Rahalkar
Partner
Membership No. 111212
Pune, May 17, 2019

Thermax Babcock & Wilcox Energy Solutions Private Limited
Balance Sheet as at March 31, 2019
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

	Note No.	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	3	422.17	314.89
Intangible assets	4	7.77	0.05
Financial assets			
(b) Loans	7	0.51	1.43
(c) Other financial assets	8 (a)	24.00	24.00
Deferred Tax Assets (net)	9	96.68	-
Income tax assets (net)		2.18	2.31
Other non-current assets	10	5.37	7.44
Total non-current assets		**558.68**	**350.12**
II. Current assets			
Inventories	11	5.80	3.64
Financial assets			
(a) Investments	5	48.40	15.54
(b) Trade receivables	6 (b)	11.10	47.05
(c) Cash and cash equivalents	12	1.04	3.98
(d) Other financial assets	8 (b)	1.84	16.52
Other current assets	13	13.13	29.82
Total current assets		**81.31**	**116.55**
Total		**639.99**	**466.67**
III. Equity and liabilities			
Equity share capital	14	628.22	837.63
Other equity	15	(74.72)	(469.24)
		553.50	**368.39**
IV. Non-current liabilities			
Financial liabilities			
(a) Other financial liabilities	17 (a)	55.76	-
Provisions	18 (a)	5.59	13.61
		61.35	**13.61**
V. Current liabilities			
Financial liabilities			
(a) Trade payables	16	10.43	22.68
(b) Other current financial liabilities	17 (b)	0.10	0.23
Other current liabilities	19	14.28	25.26
Provisions	18 (b)	0.33	36.50
		25.14	**84.67**
Total		**639.99**	**466.67**
Summary of significant accounting policies	2a		
Summary of significant accounting judgements, estimates & assumptions	2b		

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

For B. K. Khare & Co.	For and on behalf of the Board of Directors of Thermax Babcock & Wilcox Energy Solutions Private Ltd	
Chartered Accountants ICAI Firm Reg No.105102W		
Shirish Rahalkar Partner Membership No. 111212	**Amitabha Mukhopadhyay** Director DIN: 01806781	**Ravinder Advani** Director & CEO DIN: 01677195
	Abhay Shah Chief Financial Officer	**Apurva Gupte** Company Secretary
Place: Pune Date: May 17, 2019	Place: Pune Date: May 17, 2019	

Thermax Babcock & Wilcox Energy Solutions Private Limited
Statement of profit and loss for the year ended March 31, 2019
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations			
Sale of Products		42.08	139.90
Sale of Services		6.91	-
Operating Income		1.46	24.05
Revenue from operations	20	50.45	163.95
Other income	21	16.36	3.89
Total Income (I)		**66.81**	**167.84**
Expenses			
Cost of raw materials and components consumed	22	10.92	78.53
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	23	(3.23)	-
Excise duty on sale of goods		-	5.33
Employee benefits expense	24	7.62	20.24
Finance cost	25	3.79	1.00
Depreciation, amortisation expense and impairment	26	19.00	70.16
Other Expenses	27	19.62	34.21
Total expenses (II)		**57.72**	**209.47**
Profit/ (Loss) before exceptional items and tax [(I) - (II)]		9.09	(41.63)
Exceptional items [Income / (Expense)]			
Add: Exceptional items		133.47	-
Profit/ (Loss) before tax (I-II)		**142.56**	**(41.63)**
Tax expense			
Current tax		-	-
Deferred tax		(96.68)	-
Total tax expense		**(96.68)**	**-**
Profit/ (Loss) for the year		**239.24**	**(41.63)**
Other comprehensive income			
A. Items that may be reclassified to profit or loss	29		
Net movement on Cash Flow Hedge (loss) / gain		(1.04)	(4.12)
Income tax effect		-	-
		(1.04)	(4.12)
B Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	29	(0.59)	0.21
Less: Income tax effect		-	-
		(0.59)	0.21
Total other comprehensive income for the year, net of tax.		(1.63)	(3.91)
Total comprehensive income for the year		237.61	(45.54)
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2018: 10/-)] Basic and Diluted	28	3.45	(0.50)
Summary of significant accounting policies	2a		
Summary of significant accounting judgements, estimates & assumptions	2b		

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

Thermax Babcock & Wilcox Energy Solutions Private Limited
Cash flow statement for the year ended March 31, 2019
(All amounts are in Rupees Crores, except stated otherwise)

		Year Ended March 31, 2019	Year Ended March 31, 2018
A)	**Cash flows from operating activities**		
	Profit / (Loss)	142.56	(41.63)
	Adjustments to reconcile Profit / Loss to net cash flows		
	Depreciation, amortization and impairment	19.00	70.16
	Exceptional item - impairment reversal	(133.47)	-
	Finance costs	3.69	-
	(Profit) / Loss on sale / discard of assets (net)	(0.12)	0.02
	Unwinding discount on provisions	0.10	1.00
	Interest/dividend income	(5.67)	(3.55)
	Working capital adjustments		
	(Increase) / Decrease in Trade Receivables	35.95	(30.02)
	(Increase) / Decrease in Inventories	(2.16)	5.30
	(Increase) / Decrease in Other non-current financial assets	0.92	0.76
	(Increase) / Decrease in Other non-current assets	2.07	17.99
	(Increase) / Decrease in Other current financial assets	13.64	46.29
	(Increase) / Decrease in Other current assets	16.69	(2.97)
	Increase / (Decrease) in Trade Payables	(12.25)	(12.39)
	Increase / (Decrease) in Provisions	(44.21)	1.82
	Increase / (Decrease) in Other non-current financial liabilities	3.69	-
	Increase / (Decrease) in Other current financial liabilities	(0.13)	(0.48)
	Increase / (Decrease) in Other current liabilities	(11.57)	(78.80)
	Cash generated from operations	**28.72**	**(26.50)**
	Direct taxes paid (net of refunds received)	0.13	(0.21)
	Net cash inflow from operating activities	**28.85**	**(26.71)**
B)	**Cash flows from investing activities**		
	Purchase of Fixed Assets	(0.54)	(0.08)
	Proceeds from sale of Assets	0.16	0.69
	Proceeds from sale of Investments / Addition to Investments	(32.86)	21.00
	Interest/dividend received	5.67	3.55
	Net cash flows used in investing activities	**(27.57)**	**25.16**
C)	**Cash flows from financing activities**		
	Proceeds from issue of Preference Shares	52.07	-
	Buyback of Shares	(52.50)	-
	Interest paid	(3.79)	(1.00)
	Net cash flows used in financing activities	**(4.22)**	**(1.00)**
	Net increase / (decrease) in cash and cash equivalents	**(2.94)**	**(2.54)**
	Cash and cash equivalents at the beginning of the year	3.98	6.52
	Cash and cash equivalents at the end of the year	**1.04**	**3.98**

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

	March 31, 2019	March 31, 2018
Cash and cash equivalents (Note 12)	1.04	3.98
Balances as per Cash flow statement	**1.04**	**3.98**

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: May 17, 2019

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 & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 17, 2019

Thermax Babcock & Wilcox Energy Solutions Private Limited
Statement of changes in Equity for the year ended March 31, 2019
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

A Equity Share Capital

	Notes	March 31, 2019	March 31, 2018
Balance at the beginnning of the reporting period	14	837.63	837.63
Changes in equity shares capital during the year	14	(209.41)	-
Balance at the end of the reporting period	14	628.22	837.63

B Other Equity

	Reserves & Surplus			Items of OCI	Total Equity
	Retained Earnings	Capital Reserve	Total	Effective portion of cash flow hedge	
As at March 31, 2017	**(428.86)**	**-**	**(428.86)**	**5.16**	**(423.70)**
Profit / (Loss) for the year	(41.63)	-	(41.63)	-	(41.63)
Other Comprehensive Income	0.21	-	0.21	(4.12)	(3.91)
Total comprehensive income	**(41.42)**	**-**	**(41.42)**	**(4.12)**	**(469.24)**
As at March 31, 2018	**(470.28)**	**-**	**(470.28)**	**1.04**	**(469.24)**
Profit / (Loss) for the year	239.24	-	239.24	-	239.24
Other Comprehensive Income	(0.59)	-	(0.59)	(1.04)	(1.63)
Total comprehensive income	**238.65**	**-**	**238.65**	**(1.04)**	**237.61**
Transfer to Capital Reserve	-	156.91	156.91	-	156.91
As at March 31, 2019	**(231.64)**	**156.91**	**(74.73)**	**-**	**(74.72)**

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Pune
Date: May 17, 2019

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 & CEO
DIN: 01677195

Abhay Shah
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: May 17, 2019

Thermax Babcock & Wilcox Energy Solutions Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees Crores, unless otherwise stated)

1. Corporate information

Thermax Babcock & Wilcox Energy Solutions Private Limited (the "Company") is a Company domiciled in India. It was a joint venture between Thermax Limited, Pune, India and Babcock & Wilcox India Holdings Inc; USA. On July 19, 2018, Thermax Ltd acquired the equity shares held by Babcock & Wilcox India Holdings Incupon which the Company became 100% subsidiary of Thermax Ltd. 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 400 001, India. These financial statements are authorized for issue by the Board of Directors on May 17, 2019. The CIN of the Company is U29253MH2010PTC204890.

2. a Significant accounting policies

2. a. 1. Basis of preparation and measurement

(a) Basis of preparation

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

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of 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 theplan 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.

2. a. 2. Changes in accounting policies and disclosures

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

2. a. 3 Summary of significant accounting policies

a. Current and non-current classification

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

b. Foreign currencies

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

Transactions and balances

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

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

c. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Note no. 2b)
- Quantitative disclosures of fair value measurement hierarchy (Note no.34)
- Financial instruments (including those carried at amortized cost) (Note no.34)

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

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

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

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

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Plant and equipment	10 to 25	15 to 20
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	10	8

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

e. Intangible assets

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

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

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

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. Cost is determined on a weighted average basis.

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

g. Revenue recognition

Revenue from Contracts with customers

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

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

The Company has following streams of revenue:

i. Revenue from projects

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

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

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

(a) The customer simultaneously consumes the benefits as the Company performs, or
(b) The customer controls the work-in-progress, or
(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

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

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

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

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

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

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

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

ii. Revenue from Sale of goods

For sale of products, revenue is recognized at point in time when control of goods is transferred to the customer based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above. The Company provides for warranty provision for general repairs up to 18 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

iii. Revenue from Sale of services

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

Interest Income

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

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

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

i. Debt instruments at amortized cost

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

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

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

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

ii. Debt instrument at FVTPL

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

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

Derecognition

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

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

Impairment of financial assets

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

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

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

Financial liabilities

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

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

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

Derecognition

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

Offsetting of financial instruments

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

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 the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

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

Amounts recognized in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the 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.

l. 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.

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 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

n. Borrowing costs

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

o. Leases

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

Company as a lessee

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

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

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 warrantyrelated 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

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

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

s. Segment Reporting

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

The Board of Directors of the Company has identified the Chief Operating Officer as the chief executive decision maker of the Company. Refer note 33 for segment information presented.

t. Contingent liability

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

u. Earnings Per Share (EPS)

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

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 financial statements:

i. Revenue recognition contracts with customers

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 for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires Management to make significant estimates of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

ii. Legal contingencies

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

iii. Segment reporting

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

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Chief Executive Officer 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 financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Constructions contracts:

- Provisions for liquidated damages claims (LDs): the Company provides for LD claims where there have been significant contract delays and it is considered probable that the customer will successfully pursue such a claim. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to recognize.

- Project cost to complete estimates: at each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs and estimated earnings and accrued contract expenses.

- Recognition of contract variations: the Company recognizes revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- Onerous contract provisions: the Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Rs Nil was outstanding at 31 March 2019 (March 31, 2018: Rs.35.82)

ii. Impairment of non-financial assets

Impairment exists when the carrying value of an asset of cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The assets has been impaired based on determination of fair value of such assets less cost to sale. The fair valuation was assessed by Management and supported by a separate valuation report. Refer note 33 for listing of impairment of each class of asset.

iii. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.Further details about gratuity obligations are given in Note 31.

iv. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 38 for further disclosures.

v. Warranty provision

The Company generally offers 24 to 36 months warranties for its products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. As at March 31, 2019, this particular provision had a carrying amount of Rs.4.00 (March 31, 2018 Rs. 12.09).

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

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

vii. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer Note 9 for further information on potential tax benefits for which no deferred tax asset is recognized.

Thermax Babcock & Wilcox Energy Solutions Private Limited
Notes attached to and forming part of the financial statements
(All amounts are in Rupees Crores, except per share data and unless stated otherwise)

3 Property, plant and equipment

	Land - leasehold	Buildings	Plant and equipment	Office Equipments	Computers	Furniture and fixtures	Vehicles	Total
Deemed Cost								
At 1 April 2017	**44.45**	**257.23**	**270.90**	**4.25**	**1.66**	**0.93**	**1.29**	**580.71**
Additions	-	-	0.11	-	-	-	-	0.11
Disposals	-	-	(0.39)	-	(0.35)	(0.02)	(0.09)	(0.86)
At 31 March 2018	**44.45**	**257.23**	**270.62**	**4.25**	**1.31**	**0.91**	**1.20**	**579.97**
Additions	-	-	0.53	-	-	0.01	-	0.54
Disposals/Adjustments	-	-	-	-	(0.00)	-	(0.12)	(0.12)
At 31 March 2019	**44.45**	**257.23**	**271.15**	**4.25**	**1.31**	**0.92**	**1.08**	**580.39**
Depreciation & Impairment								
At 1 April 2017	**0.72**	**69.61**	**133.09**	**1.02**	**0.80**	**0.29**	**0.43**	**205.96**
Charge for the year	0.44	6.48	11.19	0.25	0.22	0.05	0.11	18.75
Impairment loss*	-	-	37.42	1.91	0.32	0.38	0.48	40.51
Disposals	-	-	(0.03)	-	(0.09)	(0.00)	(0.02)	(0.13)
At 31 March 2018	**1.16**	**76.09**	**181.67**	**3.18**	**1.25**	**0.72**	**1.01**	**265.08**
Charge for the year	0.56	6.91	10.60	0.14	0.03	0.03	0.03	18.30
Impairment reversal**	-	(49.56)	(71.92)	(2.44)	(0.30)	(0.48)	(0.38)	(125.08)
Disposals/Adjustments	-	-	-	-	(0.00)	-	(0.08)	(0.09)
At 31 March 2019	**1.72**	**33.44**	**120.36**	**0.89**	**0.97**	**0.26**	**0.58**	**158.22**
Net Block								
At 31 March 2018	**43.29**	**181.14**	**88.95**	**1.06**	**0.06**	**0.20**	**0.19**	**314.89**
At 31 March 2019	**42.73**	**223.79**	**150.79**	**3.36**	**0.34**	**0.66**	**0.50**	**422.17**

*Refer Note 38 **Refer Note 39

4 Intangible Assets

	Computer software	Technical know-how	Total
Deemed Cost			
At 1 April 2017	**2.46**	**22.33**	**24.79**
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	**2.46**	**22.33**	**24.79**
Additions	-	-	-
Disposals	-	-	-
At 31 March 2019	**2.46**	**22.33**	**24.79**
Amortization			
At 1 April 2017	**2.13**	**11.71**	**13.84**
Charge for the year	0.19	1.95	2.13
Impairment loss*	0.09	8.68	8.77
Disposals	-	-	-
At 31 March 2018	**2.41**	**22.33**	**24.74**
Charge for the year	0.00	0.68	0.68
Impairment reversal**	(0.09)	(8.30)	(8.39)
Disposals	-	-	-
At 31 March 2019	**2.32**	**14.71**	**17.03**
Net Block			
At 31 March 2018	**0.05**	**0.00**	**0.05**
At 31 March 2019	**0.14**	**7.62**	**7.77**

*Refer Note 38 **Refer Note 39

5 Current Investments

	Face value per share	Number of shares		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (quoted)					
ABSL Money Manager Fund Direct Growth	100.00	5,47,892	3,64,107	13.79	8.45
DSP Liquidity Fund Direct Growth	1,000.00	31,484	-	8.42	-
ICICI Prudential Money Market -Daily Dividend Reinvestment	10.00	2,42,782	1,28,327	6.32	3.09
Kotak Liquid Direct Growth	1,000.00	15,453	2,844	5.85	1.00
SBI Magnum Insta Cash Fund	1,000.00	-	7,821		3.00
SBI Liquid Direct Growth	1,000.00	26,854	-	7.86	-
UTI Liquid Cash Plan-Direct Growth	1,000.00	20,134	-	6.16	-
Total Current Investments				**48.40**	**15.54**
Aggregate amount of quoted investments and market value thereof				48.40	15.54
Aggregate amount of unquoted investments				-	-
Aggregate amount of impairment in the value of investments				-	-

6 (a) Non current trade receivable

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Receivables from related parties (note 32)	-	-
Total receivables	-	-
Break-up of security details		
Unsecured, considered good	-	-
Total	-	-

6 (b) Current trade receivable

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Receivables from related parties (note 32)	0.71	46.68
Others	10.39	0.37
Total receivables	**11.10**	**47.05**
Break-up of security details		
Unsecured, considered good	11.10	47.05
Total	11.10	47.05

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

7 Non-current loans

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Unsecured, considered good		
Security deposits	0.51	1.43
Total	**0.51**	**1.43**

8 (a) Other non current financial assets

	As at March 31, 2019	As at March 31, 2018
At Amortized Cost		
Bank deposits with orginal maturity of more than 12 months	24.00	24.00
Total	**24.00**	**24.00**

8 (b) Other current financial assets

	As at March 31, 2019	As at March 31, 2018
a) Fair value through other comprehensive income		
Derivative instruments - Foreign Exchange Forward Contracts (Gain)	-	5.26
b) At amortized cost		
Interest accrued on fixed deposits.	0.20	0.20
Export incentive receivable	1.64	11.06
Total	**1.84**	**16.52**

9 Deferred Tax

Statement of profit & loss

Particulars	**March 31, 2019**	**March 31, 2018**
Deferred tax relates to the following :		
Tax losses	(134.77)	-
Accelarated depreciation for tax purposes	40.48	-
Income computation and disclosure standards	0.20	-
40(a) Disallowance	(0.03)	-
43B Disallowance	(0.49)	-
Other provisions	(2.06)	-
Deferred tax expense/ (income)	**(96.68)**	**-**

Balance Sheet

Particulars	**As at March 31, 2019**	As at March 31, 2018
Deferred tax relates to the following :		
Tax losses	134.77	-
Accelarated depreciation for tax purposes	(40.48)	-
Income computation and disclosure standards	(0.20)	-
40(a) Disallowance	0.03	-
43B Disallowance	0.49	-
Other provisions	2.06	-
Net deferred tax assets/ (liabilities)	**96.68**	**-**

Reflected in balance sheet as follows:

	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	96.68	-
Deferred tax liabilities	-	-
Deferred tax assets (net)	**96.68**	**-**

Reconciliation of deferred tax assets (net)

	As at March 31, 2019	As at March 31, 2018
Opening balance as at April 1		
Tax expense/ (income) during the period recognised in profit or loss	(96.68)	-
Tax expense/ (income) during the period recognised in OCI	-	-
Closing balance as at March 31	**(96.68)**	**0.00**

10 Other non current assets

	As at March 31, 2019	As at March 31, 2018
Sales Tax Recoverable	5.37	7.44
Total	**5.37**	**7.44**

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, 2019	As at March 31, 2018
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	2.09	3.64
[includes goods in transit during the year ended March 31, 2019 Rs. Nil (March 31, 2018 Rs. 0.68 Crs)]		
Work-in-progress	3.23	-
Stores and spares	0.48	-
Total	**5.80**	**3.64**

12 Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Cash and cash equivalents		
Balances with banks		
- in current accounts	1.04	3.98
Total	**1.04**	**3.98**

13 Other current assets

	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Advance to supplier	1.86	9.67
Advances to Staff and Workers	0.07	0.05
Prepaid employee benefits (note 31)	0.26	0.46
Sales Tax Recoverable	-	4.94
Prepaid Expenses	0.05	1.10
Balances with government authorities	10.89	13.60
Total	**13.13**	**29.82**

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, 2019	As at March 31, 2018
Trade receivables	11.10	47.05
Loans	0.51	1.43
Other financial assets	25.84	35.26
Cash and cash equivalents (note12)	1.04	3.98
Total	**38.49**	**87.72**
Current assets	62.38	83.08
Non-current assets	24.51	25.43
Total	**86.89**	**108.51**

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

	As at March 31, 2019	As at March 31, 2018
Investments	48.40	15.54
Total	**48.40**	**15.54**
Current assets	48.40	15.54
Non-current assets	-	-
Total	**48.40**	**15.54**

Break-up of financial assets carried at fair value through other comprehensive income

	As at March 31, 2019	As at March 31, 2018
Derivative instruments - Foreign Exchange Forward Contracts	-	5.26
Total	**-**	**5.26**
Current assets	-	5.26
Non-current assets	-	-
Total	**-**	**5.26**

14 Share capital

	As at March 31, 2019	As at March 31, 2018
Authorized shares (Nos)		
900,000,000 (March 31, 2018: 1000,000,000) equity shares of Rs. 10/- each	900.00	1,000.00
100,000,000 (March 31, 2018: Nil) Redeemable Preference shares of Rs. 10/- each	100.00	-
	1,000.00	1,000.00
Issued, subscribed and fully paid share capital (Nos)		
628,222,500 (March 31, 2018: 837,630,000) equity shares of Rs. 10/- each	628.22	837.63
Total issued, subscribed and fully paid-up share capital	628.22	837.63

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

	No. of shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
At March 31, 2018	837,630,000	837.63
Changes during the period	(209,407,500)	(209.41)
At March 31, 2019	**628,222,500**	**628.22**

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

	Thermax Limited	**Babcock & Wilcox India Holdings Inc. USA**
As at March 31, 2019		
%	100	-
No. of shares	628,222,500	410,438,700
As at March 31, 2018		
%	51	49
No. of shares	427,191,300	410,438,700

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

15 Other equity

	As at March 31, 2019	As at March 31, 2018
Reserves and surplus		
Capital reserve	156.91	-
Retained earnings		
Opening balance	(470.28)	(428.86)
Add: Profit / (Loss)for the year	239.24	(41.63)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations, net of tax [Rs. Nil (March 31, 2018 Rs. Nil)]	(0.59)	0.21
Net surplus in the statement of profit and loss	(231.63)	(470.28)
Total Reserves and Surplus	(74.72)	(470.28)
Other Reserves		
Cash flow hedge reserve		
Opening balance	1.04	5.16
Add/ (Less) : Movement during the year	(1.04)	(4.12)
Closing balance	-	1.04
Total	**(74.72)**	**(469.24)**

Nature and purpose of reserves

Cash flow hedging reserve
The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory puchases. For hedging foreign currency risk, the Company uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (e.g. sales).

16 Current trade payables

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.06	0.33
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (note 32)	1.81	4.29
(ii) Others	8.56	18.06
Total	**10.43**	**22.68**

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

	March 31, 2019	March 31, 2018
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	0.06	0.33
Interest due thereon	0.08	0.02
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	0.08	0.02
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

17 (a) Other non current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Preference Shares		
52,700,000 (March 31, 2018: Nil) redeemable preference shares of Rs. 10/- each	55.76	-
Total	**55.76**	**-**

17 (b) Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Employee related payables	0.10	0.23
Total	**0.10**	**0.23**

18 (a) Non-current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity & Superannuation	0.07	0.12
Provision for warranties	4.00	12.09
Provision for decommissioning liability	1.52	1.40
Total	**5.59**	**13.61**

18 (b) Current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for leave encashment	0.33	0.68
Other provisions		
Provision for onerous contracts	-	35.82
Total	**0.33**	**36.50**

Movement in provisions

	Provision for onerous contracts	Provision for warranties	Provision for Decommissioning Liability
As at April 1, 2018			
Balance at the beginning	35.82	12.09	1.40
Additional provision recognised	-	-	0.12
Unused amounts reversed	(4.19)	(8.09)	-
Amounts used during the year	(31.63)	-	-
As at March 31, 2019	**-**	**4.00**	**1.52**

19 Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Unearned revenue	10.22	16.38
Customer advance	0.68	0.13
Statutory dues and other liabilities*	3.38	8.75
Total	**14.28**	**25.26**

* includes custom duty payable, tax deducted at source, provident fund, ESIC, etc.

Break up of financial liabilities carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Trade payable	10.43	22.68
Employee related payables	0.10	0.23
Other liabilities (Borrowings)	55.76	-
	66.29	**22.91**
Current liabilities	10.53	22.91
Non current liabilities	55.76	-
	66.29	**22.91**

20 Revenue from operations

(a) Revenue from contracts with customers:

i) Disaggregated revenue

	March 31, 2019	March 31, 2018
Details of revenue		
Sale of projects and products	42.08	139.90
Sale of services	6.91	-
Total revenue from contracts with customers	**48.99**	**139.90**
Timing of revenue recognised during the year		
Over a period of time basis	42.08	139.87
At a point-in-time basis	6.91	0.03
Total revenue from contracts with customer	**48.99**	**139.90**
Geographical market of revenue recognised during the year		
Within India	6.91	0.03
Outside India	42.08	139.87
Total revenue from contracts with customer	**48.99**	**139.90**

Sale of goods includes excise duty collected from customers of Rs. Nil (March 31, 2018 Rs.5.33). Post applicability of Goods and Service Tax (GST) with effect from July 1, 2017, the revenue from operations are disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2019 to that extent.

ii) Contract balances

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

	As at March 31, 2019	As at March 31, 2018
Trade receivables	-	46.68
Unbilled revenue	-	-
Unearned revenue	10.22	16.38
Customer advances	-	0.13
	10.22	**63.19**

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables when the rights become unconditional.

The Contract liabilities relate to the unearned revenue (excess of billings or invoicing over revenue) and advance consideration received from customers and performance obligations still to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash position.

iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period

Unearned revenue	16.38
Customer advance	0.13

iv) Changes in unbilled revenue and unearned revenue for the year

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

Opening unearned revenue (refer note 19)	16.38
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	16.38
- Transfer of contract assets to receivable	35.92
- Increase in revenue as a result of changes in the measure of progress	25.70
Closing unearned revenue (refer note 19)	10.22

v) Performance obligations

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

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

Revenue from service contracts are recognised on time proportion basis as per the terms of the contracts

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

Remaining performance obligations

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

	March 31, 2019
Amount of revenue yet to be recognised for contracts in progress as on March 31, 2019	25.56
Revenue to be recognised within one year	25.56
Revenue to be recognised more than one year	-

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

(b) Other operating revenue

	March 31, 2019	March 31, 2018
Export incentives	0.60	8.69
Sale of scrap	0.86	0.83
Exchange fluctuation gain (net)*	-	14.53
Total	**1.46**	**24.05**

21 Other income

	March 31, 2019	March 31, 2018
Dividend income from mutual fund investments designated at FVPL		
Current investment	2.90	1.22
Profit on sale of assets	0.12	-
Liabilities no longer required written back	10.56	-
Miscellaneous income	0.01	0.34
Total	**13.59**	**1.56**

Finance income

	March 31, 2019	March 31, 2018
Interest income from financial assets at amortised cost		
Bank deposits	2.04	2.04
Others	0.73	0.29
Total	**16.36**	**3.89**

22 Cost of raw material and components consumed

	March 31, 2019	March 31, 2018
Inventories at the beginning of the year	3.64	8.94
Add: Purchases	9.37	73.23
	13.01	82.17
Inventories at the end of the year	2.09	3.64
Total	**10.92**	**78.53**

23 Change in Inventories

	March 31, 2019	March 31, 2018
Inventories at the beginning of the year		
Work-in-progress	-	-
	-	-
Less: inventories at the end of the year		
Work-in-progress	3.23	-
Total	**(3.23)**	**-**

24 Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries and wages	6.96	19.08
Contribution to provident and other funds	0.39	0.81
Gratuity expense (note 31)	(0.25)	(0.58)
Staff welfare expenses	0.52	0.93
Total	**7.62**	**20.24**

25 Finance costs

	March 31, 2019	March 31, 2018
Interest expense	3.69	-
Unwinding of discounts	0.10	1.00
Total	**3.79**	**1.00**

26 Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation of tangible assets (note 3)	18.32	18.75
Amortization of intangible assets (note 4)	0.68	2.13
Impairment loss (note 38)	-	49.28
Total	**19.00**	**70.16**

27 (a) Other expenses

	March 31, 2019	March 31, 2018
Consumption of stores and spare parts	0.34	2.40
Power and fuel	1.17	1.93
Freight and forwarding charges (net)	1.33	6.83
Site expenses and Contract labour charges	4.31	6.47
Interest on MEMED Vendor balances	0.08	0.02
Drawing, design and technical service charges	-	0.58
Advertisement and sales promotion	0.46	1.68
Rent	1.20	2.59
Rates and taxes	0.96	1.19
Insurance	0.46	0.68
Repairs and maintenance		
Plant and machinery	0.06	0.16
Buildings	0.05	0.51
Others	2.10	1.13
Travelling and conveyance	0.86	1.45
Legal and professional fees	2.53	2.81
Audit Fees (note 26 (b))	0.15	0.09
Director sitting fees	-	0.05
Exchange fluctuation loss (net)	2.28	-
Warranty expenses (net)	-	1.87
Loss on sale / discard of assets (net)	-	0.02
Miscellaneous expenses (includes printing, communication, postage, security expense,etc.)	1.28	1.75
Total	**19.62**	**34.21**

27 (b) Payment to auditors

	March 31, 2019	March 31, 2018
As auditor		
Audit and limited review fee	0.08	0.07
Tax audit fee	0.02	0.02
In other capacity		
Other services	0.05	-
Reimbursement of expenses	0.01	-
Total	**0.15**	**0.09**

28 Earnings per share

	March 31, 2019	March 31, 2018
Net profit attributable to the Equity shareholders of the Company	239.24	(41.63)
Weighted average number of Equity shares of Rs.10/- each	693,052,767	837,630,000
Basic & Diluted EPS	3.45	(0.50)

29 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, 2019

	Cash flow hedge reserve	Retained Earnings	Total
Currency forward contracts gains / (losses)	(1.04)	-	-1.04
Re-measurement gains / (losses) on defined benefit plans	-	(0.59)	(0.59)
Total	(1.04)	(0.59)	(1.63)

During the year ended March 31, 2018

	Cash flow hedge reserve	Retained Earnings	Total
Currency forward contracts gains / (losses)	(4.12)	-	(4.12)
Re-measurement gains (losses) on defined benefit plans	-	0.21	0.21
Total	**(4.12)**	**0.21**	**(3.91)**

30 Contingent Liabilities and commitments

A Contingent liabilities

i Income tax

The Company has received an assessment order u/s 143(3) r.w.s. 144C(1) of Income Tax Act, 1961, for AY 2011-12 adding back arm's length adjustment of Rs 8.66 Crores pursuant to directions of Hon'able DRP. The assessing officer has also disallowed Rs 0.08 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 8.74 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). The Company has filed an appeal in ITAT against the said order. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2012-13 adding back arm's length adjustment of Rs 11.61 Crores. The assessing Officer has also disallowed Rs 0.11 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 11.73 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). The Company has filed an appeal with CIT(A) against the said order. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2013-14 adding back arm's length adjustment of Rs 5.46 Crores. The assessing Officer has also disallowed Rs 0.14 Crores u/s 14A. The adjustment has resulted in reduction in accumulated losses by Rs. 5.60 Crores. The Assessing Officer has not considered the TCS credit and errorenously raised demand u/s 156 of Rs. 0.01 Crores. The Company has filed Appeal with CIT(A) against the said order. The Company has aslo submitted rectification request for dropping erroneous demand of Rs. 0.01 Crores. As per AO, since there is apparent error paying demand is not mandatory. Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2014-15 adding back arm's length adjustment of Rs 4.42 Crores. The assessing Officer has also disallowed bidding expenditure on projects of Rs 12.70 Crs, legal & professional expenditure on project bidding of Rs. 1.32 Cr and exchange loss of Rs. 0.11 Cr. The adjustment and disallowance has resulted in reduction in accumulated losses by Rs. 18.55 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2015-16 adding back arm's length adjustment of Rs 3.53 Crores. The Assessing Officer has also erroneously considered the Income from Other Sources amounting Rs. 4.30 Crs twice for reducing the total loss. The adjustment and error by AO has resulted in reduction in accumulated losses by Rs. 7.83 Crores. The Assessing Officer has also issued a show cause notice u/s 274 r.w.s. 271(1)(c). Based on the advice obtained from tax consultant, the Company's management does not expect any outflow in respect of this order.

B Capital and other commitment

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. Nil (March 31, 2018 Rs. Nil)

b) Lease commitments

i. Operating lease: Company as lessee

The Company had taken 1 office premise on operating lease. Though the tenure of this lease was for 6 years, the office premises were vacated on September 15, 2018. . Lease rentals are charged to the Statement of profit and loss for the year.

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

	March 31, 2019	March 31, 2018
Lease payments for the year	1.21	2.34
Within one year	Nil	2.41
After one year but not more than five years	Nil	3.36
More than five years	Nil	Nil

31 Employee Benefit Obligations

A Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	2.76	(2.46)	0.29
Current service cost	0.11	-	0.11
Interest expense/ (income)	0.13	(0.15)	(0.02)
Total amount recognised in Profit or Loss	0.24	(0.15)	0.09
Return on plan assets expense/(income)	(0.21)	-	(0.21)
Total amount recognised in Other Comprehensive Income	**(0.21)**	**-**	**(0.21)**
Acquisition adjustments	(0.63)	-	(0.63)
Employer contributions	-	(0.01)	(0.01)
Benefits paid	(1.11)	1.11	-
March 31, 2018	**1.05**	**(1.52)**	**(0.46)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	1.05	(1.52)	(0.46)
Current service cost	0.10	-	0.10
Interest expense/ (income)	0.05	(0.12)	(0.06)
Total amount recognised in Profit or Loss	**0.15**	**(0.12)**	**0.03**
Actuarial (gain)/loss from change in financial assumptions	(0.08)	0.001	(0.08)
Effect of asset ceiling	0.67	-	0.67
Return on plan assets expense/(income)	-	0.001	0.00
Total amount recognised in Other Comprehensive Income	**0.59**	**0.00**	**0.59**
Transfer In out	(0.08)	-	(0.08)
Mortality Charges & Taxes	-	0.003	0.00
Acquisition adjustments	(0.22)	0.01	(0.21)
Employer contributions	-	(0.15)	(0.15)
Benefits paid	(0.21)	0.21	-
March 31, 2019	**1.29**	**(1.56)**	**(0.26)**

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

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	1.29	1.05
Fair value of plan assets	(1.56)	(1.52)
Deficit of funded plan	(0.26)	(0.46)

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.60%	7.80%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.80%	7%
Normal retirement age	60 Years	60 Years
Mortality table	2012-14 Ultimate	2006-08 Ultimate
Employee turnover	10%	10%

IV Sensitivity assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2019	March 31, 2018
Discount rate		
1.00% increase	(0.03)	(0.04)
1.00% decrease	0.03	0.05
Future salary increase		
1.00% increase	0.02	0.04
1.00% decrease	(0.02)	(0.03)

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

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

Particulars	March 31, 2019	March 31, 2018
Within next 12 months	0.08	0.09
Between 2-5 years	0.72	0.58
Between 5-10 years	0.17	0.73

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.11 years (March 31, 2018: 7.06 years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Investments with Insurer (LIC OF INDIA)	100.00%	100.00%

VI Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility : All plan assets are maintained in a trust managed by a public sector insurer viz. LIC of India has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings

Future salary increase and inflation risk: Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Asset-Liability mismatch risk: Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

B Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 0.19 Crs (March 31, 2018 Rs. 0.78 Crs)

32 Related party disclosures

A	Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
				March 31, 2019	March 31, 2018
	A	**Shareholders**			
		Thermax Limited	India	100%	51%

A	Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
				March 31, 2019	March 31, 2018
		Babcock & Wilcox India Holdings, Inc.	USA	-	49%
	B	**Associate Companies**			
	1	Thermax Onsite Energy Solutions Ltd	India	NA	NA
	2	Thermax Instrumentation Ltd.	India	NA	NA
	3	Thermax Engineering Construction Company Ltd.	India	NA	NA
	4	Thermax Sustainable Energy Solutions Ltd.	India	NA	NA
	5	Thermax International Ltd.	Mauritius	NA	NA
	6	Thermax Europe Ltd.	United Kingdom	NA	NA
	7	Thermax Inc.	USA	NA	NA
	8	Thermax do Brasil Energia eEquipamentos Ltda	Brazil	NA	NA
	9	Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.	China	NA	NA
	10	Thermax Netherlands BV.	Netherlands	NA	NA
	11	Thermax Denmark ApS	Denmark	NA	NA
	12	Danstoker A/S	Denmark	NA	NA
	13	Ejendomsanp artsselskabet Industrivej Nord 13	Denmark	NA	NA
	14	Boilerworks A/S	Denmark	NA	NA
	15	Boilerworks Properties ApS Industrivej	Denmark	NA	NA
	16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	NA	NA
	17	Thermax SDN.BHD	Malaysia	NA	NA
	18	Thermax Engineering Singapore Pte. Ltd.	Singapore	NA	NA
	19	PT Thermax International	Indonesia	NA	NA
	20	Thermax Senegal S.A.R.L	Senegal	NA	NA
	21	First Energy Private Limited	India	NA	NA
	22	Thermax Hongkong Ltd (Hongkong)	Hongkong	NA	NA
	23	Thermax Nigeria Ltd	Nigeria	NA	NA
	24	Thermax Energy & Environment Philippines Corporation	Philippines	NA	NA
	25	Thermax Energy & Environment Lanka (Private) Limited	Sri Lanka	NA	NA
	26	Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia	Poland	NA	NA
	27	Thermax Engineering Construction FZE (WOS of TECC)	Nigeria	NA	NA

A	Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
				March 31, 2019	March 31, 2018
	28	Thermax SPX Energy Technologies Ltd	India	NA	NA
	29	Babcock & Wilcox Enterprise, Inc.	USA	NA	NA
	30	Babcock & Wilcox Company	USA	NA	NA
	31	Babcock & Wilcox Volund.	USA	NA	NA

B Key Management Personnel:

1 Mrs. Meher Pudumjee - Non Executive Director & Chairperson
2 Mr. Ravindra Advani - Non Executive Director & CEO
3 Mr. M S Unnikrishnan - Non Executive Director
4 Mr. Amitabha Mukhopadhyay - Non Executive Director
5 Mr. Christopher Jones - Non Executive Director (resigned on July 19, 2018)
6 Mr. Mark Low - Non Executive Director (resigned on July 19, 2018)
7 Mr. Cameron Frymyer - Non Executive Director (resigned on July 19, 2018)
8 Mr. Suhas Tuljapurkar - Independent Director (resigned on May 14, 2018)
9 Mr. S Parthasarathy - Independent Director (resigned on May 03, 2018)
10 Mr. Abhay Shah - Chief Financial Officer
11 Ms. Apurva Gupte - Company Secretary

Transactions with Related parties:

Particulars	March 31, 2019 (March 31, 2018)				
	Thermax Limited	Thermax SPX Energy Technologies Ltd.	Babcock & Wilcox Company	Key Management Personnel	Total
Sale*	0.05	0.12	**19.99	-	**20.16**
	(1.69)	(0.02)	(168.29)	-	**(170.00)**
Services / Job work done	5.67	-	-	-	**5.67**
	-	-	-	-	-
Provision for rework charges on site reversed	-	-	**4.19	-	**4.19**
	-	-	-	-	-
Recovery of Personnel cost & other expenses	3.06	-	0.02	-	**3.08**
	(0.33)	-	(0.10)	-	**(0.43)**
Purchase (including capital purchase)	0.63	-	-	-	**0.63**
	(0.01)	-	-	-	**(0.01)**
Reimbursement of Personnel Cost & Other Expenses	1.08	-	**1.07	0.05	**2.20**
	(0.07)	-	(1.91)	(0.07)	**(2.05)**

* sales to related party are reported on 'billed' basis
**related party upto July 19, 2018, hence transactions given upto this date only.

Balances at the year end

Particulars	March 31, 2019 (March 31, 2018)			
	Thermax Limited	Babcock & Wilcox Company	Babcock & Wilcox Volund	Total
Advances outstanding	0.36	-	-	**0.36**
	-	-	-	-
Trade Receivables outstanding	0.71	-	-	**0.71**
	(1.63)	(26.53)	(18.52)	**(46.68)**
Trade Payables outstanding	1.81	-	-	**1.81**
	(0.07)	(4.22)	-	(4.29)

33. Segment reporting

The Company's portfolio includes subcritical and supercritical boilers and related services. The CEO of the Company, Mr. Ravinder Advani, has been identified as the chief operating decision maker ('CODM'). Management has determined the operating segments based on the reports reviewed by the CEO; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The CEO evaluates the segments based on their revenue and operating results.

Based on the guiding principles given in the Ind AS 108 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment, viz Energy.

The CODM evaluates performance based on the revenues and operating profit for the segment- Energy.

I) Secondary segment information:

Particulars	March 31, 2019	March 31, 2018
Revenue		
India	-	0.03
North America	42.08	139.87
Total Revenue	**42.08**	**139.90**
Carrying Amount of Segment Assets		
India	639.99	466.67
Total Asset	**639.99**	**466.67**
Addition to Fixed assets		
India	0.54	0.11
Total Addition to Fixed assets	**0.54**	**0.11**

Reversal of impairment of asset during 31st March, 2019

Particulars	India	Total Impairment Reversal
Buildings	49.56	**49.56**
Plant and equipment	71.92	**71.92**
Office Equipments	2.44	**2.44**
Computers	0.30	**0.30**
Furniture and fixtures	0.48	**0.48**
Vehicles	0.38	**0.38**
Computer software	0.09	**0.09**
Technical know-how	8.30	**8.30**
Total	**133.47**	**133.47**

Impairment of Assets as at 31st March ,2018

Particulars	India	Total Impairment Reversal
Plant and equipment	37.42	**37.42**
Office Equipments	1.91	**1.91**
Computers	0.32	**0.32**
Furniture and fixtures	0.38	**0.38**
Vehicles	0.48	**0.48**
Computer software	0.09	**0.09**
Technical know-how	8.68	**8.68**
Total	**49.28**	**49.28**

34 Fair value measurements

Financial instruments by category

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Investments				
Mutual funds	48.40	15.54	48.40	15.54
Trade receivables	11.10	47.05	11.10	47.05
Loans	0.51	1.43	0.51	1.43
Cash and bank balances	1.04	3.98	1.04	3.98
Derivative financial assets	-	5.26	-	5.26
Other financial assets	25.84	35.26	25.84	35.26
Total financial assets	**86.89**	**108.51**	**86.89**	**108.51**
Financial liabilities				
Trade payables	10.43	22.68	10.43	22.68
Other financial liabilities	55.86	0.23	55.86	0.23
Total financial liabilities	**66.29**	**22.91**	**66.29**	**22.91**

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, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2019	-	48.40	-
Derivative financial assets	31 March 2019	-	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2018	-	15.54	-
Derivative financial assets	31 March 2018	-	5.26	-

35 (a) Financial risk management

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Audit Committee oversees the risk identification and management of these risks. The Company's Audit Committee advises on financial risks and the appropriate financial risk governance framework for the Company. 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, 2019 and March 31, 2018.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018 including the effect of hedge accounting

a Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).
The Company manages its foreign currency risk by entering into derivative contracts that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

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

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in exchange rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019			
	1% Increase	-	-
	1% Decrease	-	-
March 31, 2018			
	1% Increase	0.21	0.21
	1% Decrease	(0.21)	(0.21)

II Credit risk

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company has maintained deposits of surplus fund with reputed nationalised bank-State Bank of India, and as such there is no credit risk on this account.

III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

(i) Maturities of financial liabilities

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

March 31, 2019	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	-	10.43	-	-	-
Other financial liabilities					
Other payables	-	0.10	-	-	-

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Trade Payables	-	22.68	-	-	-
Other financial liabilities					
Other payables	-	0.23	-	-	-

36 Hedging activities and derivatives

Cash flow hedges
Foreign currency risk
Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of orders in hand (after excluding the advances received) in US Dollar and Euro and actual purchase order raised in US Dollar and Euro. These transactions comprise about 48% of the Company's orders in hand (after excluding the advances received) in US Dollar and Euro about 51% of its total purcahse order raised in US Dollar and Euro. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	-	-	-	-

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, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	-	-	30.40	(1.24)

There are no valid derivative contracts as on March 31, 2019.

37 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. The Company includes within net debt, trade and other payables less cash and cash equivalents.

	March 31, 2019	March 31, 2018
Trade payables	10.43	22.68
Less: Cash and cash equivalents	(1.04)	(3.98)
Net debt	9.39	18.70
Equity	628.22	837.63
Capital and net debt	**637.61**	**856.33**

38 Impairment of Assets

During FY 2017-18, management had 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 were impaired by Rs. 49.28 Crores on March 31, 2018, based on determination of fair value of such assets less cost to sale. The fair valuation was assessed by Management and supported by a separate valuation report. Refer note 33 for listing of impairment of each class of asset. The significant judgements used by an independent valuer in the valuation of the cash-generating unit mainly include the government published land rates for industrial property in the vicinity of the property under valuation, estimated remaining useful life, cost of construction for similar buildings and replacement cost of the buildings, and price trends in the cost of plant and machinery.

39 Thermax Ltd has acquired equity shares held by Babcock and Wilcox India Holding Inc. (B&W) in Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES) on July 19, 2018. Accordingly, TBWES has become a wholly owned subsidiary of Thermax Ltd. Subsequent to this acquisition, the Board of Directors of the Company at its meeting held on February 7, 2019 have given consent to acquire/ purchase the Boiler & Heater ("B&H") business of Thermax Limited, holding company on a slump sale basis as a going concern along with its employees, assets, liabilities, working capital pertaining thereto, all licenses, rights, regulatory approvals, permits and contracts, as identified by the Board, at a lump sum cash consideration of not less than the Net Book Value of the B&H Business subject to necessary adjustment of working capital by way of Slump Sale Agreement ("SSA") proposed to be executed between the Company and Thermax Limited. Its effective date is not yet concluded. Accordingly the management has considered reversal of impairment of loss of assets of Rs 133.47 Crores and recognised, previously unrecognised, deferred tax asset amounting to Rs. 96.68 Crores on the basis of assessment of probability of future taxable profits which will allow deferrred tax asset to be recovered. Listing of reversal of impairment of each class of asset is given in note 33.

40 Standards issued but not yet effective
Ind AS 116, Leases:

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for period beginning on or after April 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from current accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.
The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on lease accounting from the application of Ind AS 116 will be subject to assessments that are dependent on many variable including, but not limited to, composition of the lease portfolio and the relevant discount rates at the date of adoption. The Company is in the process to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

Others:

Standards	Impacts
• Ind AS 19 Employee Benefits • Ind AS 23 Borrowing Costs • Ind AS 28 Investments in Associates and Joint Ventures • Ind AS 109 Financial Instruments • Ind AS 111 Joint Arrangements	These amendments are unlikely to affect the Company's financial statements

41 Event after reporting date
There are no significant events occurred after reporting date

42 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

For B. K. Khare & Co. Chartered Accountants ICAI Firm Reg No.105102W	For and on behalf of the Board of Directors of Thermax Babcock & Wilcox Energy Solutions Private Ltd	
Shirish Rahalkar Partner Membership No. 111212	**Amitabha Mukhopadhyay** Director DIN: 01806781	**Ravinder Advani** Director & CEO DIN: 01677195
	Abhay Shah Chief Financial Officer	**Apurva Gupte** Company Secretary
Place: Pune Date: May 17, 2019	Place: Pune Date: May 17, 2019	

FIRST ENERGY PVT. LTD.

Board of Directors

Mahesh Yagnaraman
Amitabha Mukhopadhyay
Hemant Mohgaonkar
Naveen Kumar Kshatriya
Sriram Vishwanathan

Registered Office

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

Auditors

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

Key Managerial Personnel

Satish Chinchalkar - Manager
Vishal Doke - Chief Financial Officer
Sampada Sakhare - Company Secretary

Corporate Office

Environment House,
Plot No. 90-92, BG Block, MIDC,
Bhosari, Pune 411026

Bankers

HDFC Bank
Union Bank of India
State Bank of India

Directors' Report

Dear Shareholder,

The Directors have pleasure in presenting the Eleventh Annual Report of the company for the year ended March 31, 2019.

Financial Results (Rs. lakh)

Particulars	**2018-19**	**2017-18**
Total income	**2190.96**	**1969.77**
Profit/(Loss) before depreciation	**(295.68)**	**(351.60)**
Depreciation	**248.18**	**456.71**
Profit/(Loss) before tax	**(543.86)**	**(808.31)**
Provision for taxation (incl. deferred tax)	**-**	**-**
Items that not be reclassified to profit or loss	**(1.61)**	**5.29**
Profit/(Loss) after tax	**(545.47)**	**(803.01)**

State of Company's Affairs

During the year, the company earned a total income of Rs. 2190.96 lakh as against Rs. 1969.77 lakh in the previous year. Loss before depreciation stood at Rs. 295.68 lakh (previous year, Rs. 351.60 lakh) and Loss after depreciation and tax was Rs. 545.47 lakh (previous year Rs. 803.01 lakh).

The company successfully took a number of measures to boost performance in the year. A focused sales and marketing effort helped to increase customer acquisition and boost sales significantly in certain products and markets. Price realization improved in the 2nd half of the year and this helped to mitigate, to some extent, the impact of growing cost of materials. These, along with cost reduction initiatives have enabled the company to post an improved business performance with respect to previous year.

The company will continue its efforts to exploit opportunities where it can offer attractive cost arbitrage to its customers against fossil fuel prices. It is actively working on a number of solutions to address such opportunities and these solutions are expected to boost the company's performance in the coming year.

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.

Dividend

In a view of accumulated losses, the Directors do not recommend any dividend on equity shares.

Amount proposed to be carried to Reserves

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

Share Capital

The Paid up Share Capital of the company is Rs. 2546.64 lakh (Equity Shares – Rs. 1346.64 lakh and 8% Redeemable Preference Shares – Rs.1200 lakh). During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

Deposits

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2019.

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's business is significantly dependent on cost arbitrage with respect to fossil fuel prices. These commodities are very susceptible for local and global economic and political factors.

The company's customers are composed of hotels, restaurants and caterers besides other small manufacturing companies. High proportion of SME segment also brings business volatility since the customer's intrinsic business is also highly dynamic in nature.

The company is cognizant of these and such other business risks and opportunities and it has put in an appropriate risk management framework to address the same.

Adequacy of Internal Financial Controls

The company has adequate internal financial controls and those are operating effectively.

Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

The company has in place a comprehensive policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. A detailed policy is annexed herewith as **"*Annexure 1*"** and forms part of this report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance and of its individual Directors.

Directors

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the company, Mr. Naveen Kumar Kshatriya, Director (DIN: 00046813) retires by rotation and being eligible offers, himself for re-appointment.

Declaration by Independent Directors

Presently there are no independent Directors in the company. Your Directors are in the process of identification of suitable candidates who could be appointed as Independent Directors of the company.

Key Managerial Personnel

Mr. Abhishek Gagpalliwar, Chief Financial Officer & KMP resigned w.e.f September 4, 2018. Mr. Vishal Doke has appointed as Chief Financial Officer & KMP in his place w.e.f January 25, 2019.

Board Meetings

The Board met four times during the year under review, on April 27, 2018, July 30, 2018, October 30, 2018 and January 25, 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Directors' Responsibility Statement

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

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

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

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

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

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

Secretarial Standards

The Institute of the Company Secretaries of India (ICSI) had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) w.e.f. October 2017. The Company is in process of implementation/adoption of such revised standards.

Committees of the Board

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

Audit Committee

The Committee comprises of 4 (four) members, all being non-executive Directors namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Hemant Mohgaonkar, Mr. Mahesh Yagnaraman and Mr. Naveen Kumar Kshatriya.

Nomination and Remuneration Committee

The Committee comprises of 4 (four) members, all being non-executive Directors namely Mr. Amitabha Mukhopadhyay (Chairman), Mr. Hemant Mohgaonkar, Mr. Mahesh Yagnaraman and Mr. Naveen Kumar Kshatriya.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

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

Extract of Annual Return

The details forming part of the 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 alternative solution to energy consumption in heating applications. The company aims to conserve the environment by bringing about significant change in cooking and heating methods through application of biomass and gasification technology.

Technological Absorption

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

Foreign Exchange Earnings and Outgo

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

	(Rs. in lakh)
Foreign currency earnings	-
Foreign currency outgo	-

Particulars of Employees

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

Significant and material orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Following is a summary of sexual harassment complaints received and disposed of by the company during the year 2018-19:

Number of Complaints received : Nil
Number of Complaints disposed of: NA

Auditors

The company has appointed M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors at its Eighth Annual General Meeting for the period of Five years, till the conclusion of Annual General Meeting to be held in year 2021.

Acknowledgements

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

For and on behalf of the Board of Directors of
First Energy Private Limited

Amitabha Mukhopadhyay	**Hemant Mohgaonkar**
Director	Director
DIN: 01806781	DIN: 01308831
Pune, April 29, 2019	

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.

Annexure 2

FORM NO. MGT-9
Extract of Annual Return
As on the financial year ended on March 31, 2019

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

I. Registration and other details:

1.	CIN	:	U40200PN2008FTC139032
2.	Registration Date	:	November 5, 2008
3.	Name of the Company	:	First Energy Private Limited
4.	Category / Sub-Category of the Company	:	Private (deemed Public) Company / Limited by Shares
5.	Address of the Registered office and contact details	:	Thermax House, 14, Mumbai Pune Road, Wakdewadi, Pune 411003 Contact detail: 020-66051200
6.	Whether listed company	:	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Fintech Private Limited Addres: Karvy Selenium Tower B, Plot no. 31 & 32, Gachibowli, Hyderabad 500 032 Contact: 040 67161510

II. Principal business activities of the Company

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Biomass pellets	37200	98.63
2	Gasification technology cooking stoves	29302	0.33

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the company	CIN/GLN	Holding / Subsidiary/ Associates	% of Shares held	Applicable Section
1	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299PN1980PLC022787	Holding	87 (Including Equity and 8% Redeemable Preference Shares)	2(46)

IV. Shareholding Pattern (equity share capital breakup as percentage of total equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) **Indian**	-	-	-	-	-	-	-	-	-
a. Individual/ HUF	651849	-	651849	4.84	651849	-	651849	4.84	-
b. Central Govnt(s)	-	-	-	-	-	-	-	-	-
c. State Govnt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	10234437	-	10234437	76.00	10234437	-	10234437	76.00	-
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Subtotal (A)(1):	**10886286**	**-**	**10886286**	**80.84**	**10886286**	**-**	**10886286**	**80.84**	**-**
(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)	**10886286**	**-**	**10886286**	**80.84**	**10886286**	**-**	**10886286**	**80.84**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds									
b. Banks/FI									
c. Central Govt									
d. State Govt(s)	---NIL---								
e. Venture Capital Funds									
f. Insurance Companies									
g. FIIs									
h. Foreign Venture Capital Funds									
i. Any other									
Subtotal (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
b) Indian	93138	-	93138	0.69	93138	-	93138	0.69	-
c) Overseas	-	-	-	-	-	-	-	-	-
d) Individuals	-	-	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2486941	-	2486941	18.47	2486941	-	2486941	18.47	-
e) Others specify	-	-	-	-	-	-	-	-	-
- Directors Relative	-	-	-	-	-	-	-	-	-
- Trusts	-	-	-	-	-	-	-	-	-
- Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
- Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
- Non Resident Indian	-	-	-	-	-	-	-	-	-
- HUF	-	-	-	-	-	-	-	-	-
- Clearing Members	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	**2580079**	**-**	**2580079**	**19.16**	**2580079**	**-**	**2580079**	**19.16**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2580079**	**-**	**2580079**	**19.16**	**2580079**	**-**	**2580079**	**19.16**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**13466365**	**-**	**13466365**	**100**	**13466365**	**-**	**13466365**	**100**	**-**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		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 Yagnaraman	651849	4.84	NIL	651849	4.84	NIL	-
2	Thermax Limited	10234437	76.00	NIL	10234437	76.00	NIL	-
	TOTAL	**10886286**	**80.84**	**NIL**	**10886286**	**80.84**	**NIL**	**-**

iii) Change in Promoters' Shareholding:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)		Changes during the year			Shareholding at the end of the year (As on 31-03-2019)	
		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	NIL						
2.	Thermax Limited							

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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018)	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mukund Deogaonkar	555277	4.12	-	-	-	555277	4.12
2.	Sreeram Thiagarajan	556993	4.14	-	-	-	556993	4.14
3.	Raymond Moses	556993	4.14	-	-	-	556993	4.14
4.	The Alchemist Ark Pvt. Ltd	93138	0.69	-	-	-	93138	0.69

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 (01-04-2018 to 31-03-2019)	
		No. of shares at the beginning (01-04-2018)	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mahesh Yagnaraman	651849	4.84	-	-	-	651849	4.84
2.	Naveen Kumar Kshatriya (Jointly with Puja Kshatriya)	817678	6.07	-	-	-	817678	6.07

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 (01.04.2018)				
i) Principal Amount	11.00	-	-	11.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	**11.00**	**-**	**-**	**11.00**
Change in indebtedness during the financial year				
Addition	123.00		-	123.00
Reduction	10.65	-		10.65
Net Change	**112.35**	**-**	**-**	**112.35**
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	123.35	-	-	123.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**123.35**	**-**	**-**	**123.35**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no	**Particulars of Remuneration**	(Rupees in lakh)
1	Gross salary	
	(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	NIL
3	Sweat Equity	
4	Commission- as % of profit - others, specify…	
5	Others, please specify (Retiral Benefits)	
	Total(A)	
	Ceiling as per the Act	

B. Remuneration to other directors:

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount (Amount in Rs. lakh)
1.	Independent Directors						
	Fee for attending board / committee meetings	--NIL----------------------------					
	Commission						
	Others, please specify						
	Total(1)						
2.	Other Non-Executive Directors	Amitabha Mukhopadhyay	Hemant Mohgaonkar	Naveen Kumar Kshatriya	Sriram Vishwanathan	Mahesh Yagnaraman	**Total Amount** (Amount in Rs. lakh)
	Fee for attending board / Committee meetings						
	Commission						
	Others, please specify						
	Rent for Premises						
	Security Deposit for Lease Premises	--NIL----------------------------					
	Total(2)						
	Total(B)=(1+2)						
	Total Managerial (A+B) Remuneration						
	Over all Ceiling as per the Act						

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

					Amount in Rs. lakh.
Sl. no	**Particulars of Remuneration**	**Key Managerial Personnel**			
		Chief Financial Officer (Mr. Abhishek Gagpalliwar)*	Chief Financial Officer (Mr. Vishal Doke)*	Company Secretary (Sampada Sakhare)*	Total
1.	Gross Salary	3.64	4.02	3.78	11.44
	(a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961	-	-	-	-
	(b) Value of perquisites u/s 17 (2) Income-tax Act,1961	-	-	-	-
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act,1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as% of profit	-	-	-	-
	- Others, specify	-	-	-	-
5.	Others, please specify (Retiral Benefits)	0.09	0.18	0.23	0.5
	Total	**3.74**	**4.20**	**4.01**	**11.95**

*Mr. Abhishek Gagpalliwar resigned as Chief Financial Officer w.e.f. September 4, 2018
*Mr. Vishal Doke appointed as Chief Financial Officer w.e.f. January 25, 2019

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
First Energy Private Limited

Amitabha Mukhopadhyay
Director
DIN: 01806781
Pune, April 29, 2019

Hemant Mohgaonkar
Director
DIN: 01308831

INDEPENDENT AUDITOR'S REPORT

To the Members of **First Energy Private Limited**

Report on the Ind AS Financial Statements

Opinion

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, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Company's Act,2013 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, 2019, and its losses, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention Note 41 in the financial statements which indicates that the Company has accumulated losses of Rs. 3564.62 Lacs and its net worth has been fully eroded. The Company has incurred a net loss/net cash loss during the current and previous years and Company's current liabilities exceeds its current assets as at the Balance sheet date. These conditions along with other matters set forth in Note 41 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements of the Company have however been prepared on a going concern basis based on an evaluation of the above facts in the light of the representation by the management and various mitigating factors as detailed in the said note to the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 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.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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.

For **B. K. Khare& Co.**

Chartered Accountants

ICAI Firm Registration Number: 105102W

H. P. Mahajani

Partner

Membership Number: 030168

Place: Pune

Date: April 29, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: **First Energy Private Limited** ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not hold immovable properties; therefore, clause 3(i) (c) of the Order is not applicable to the Company and hence not commented upon.

(ii) According to the information and explanation given to us, the Company has conducted physical verification of inventory during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of accounts of the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.

(vii) (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax (GST), Custom Duty, Excise Duty 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 value added tax and Central Sales Tax on account of any dispute, is as follows:

Name of the Statute	Nature of Dues (including interest and Penalty as applicable)	Forum where the dispute is pending	Period to which amount related	Disputed dues,not deposited (Rs.in Lakhs)
Central Sales Tax Act and Local Sales tax (Noida)	Sales Tax	Appellate Authority up to Commissioner level	2014-15	5.07
Central Sales Tax Act and Local Sales tax (TSVAT Act,u/r 25(5))	Sales Tax	Deputy Commercial Tax officer	April 2015 to June 2017	1.42
Central Sales Tax Act and Local Sales tax (Delhi Vat Act 2004)	Sales Tax	Department of Trade & Taxes Government of NCT of Delhi	2014-15	1.28
Total				**7.78**

(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 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 section 197 read with schedule V of the Act are not applicable to the Company. mandated by provisions of.

(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 29, 2019

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, 2019 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, 2019, 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 29, 2019

FIRST ENERGY PVT. LTD.

Balance Sheet as at March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

	Note No.	As at March 31, 2019	As at March 31, 2018
Assets			
I. Non-current assets			
Property, plant and equipment	3	**1,128.43**	770.46
Capital work-in-progress	3	**1.95**	21.35
Intangible assets	4	**65.09**	89.98
Other non-current assets	10	**209.08**	131.58
Total non-current assets		**1,404.55**	**1,013.37**
II. Current assets			
Inventories	11	**135.64**	130.25
Financial assets			
(a) Investments	5	**101.86**	309.82
(b) Trade receivables	6	**106.88**	73.13
(c) Cash and cash equivalents	12	**99.88**	38.35
(d) Bank balances other than (c) above	13	**0.77**	42.40
(e) Loans	7	**22.75**	26.12
(f) Other financial assets	8	**0.64**	0.93
Income tax assets (net)	9	**5.10**	3.39
Other current assets	14	**9.89**	5.88
Total current assets		**483.41**	**630.27**
Total		**1,887.96**	**1,643.64**
III. Equity and liabilities			
Equity share capital	15	**1,346.64**	1,346.64
Other equity	16	**(2146.42)**	(1600.95)
		(799.78)	**(254.31)**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	17(a)	**1,287.50**	1,103.29
		1,287.50	**1,103.29**
V. Current liabilities			
Financial liabilities			
(a) Borrowings	17(b)	**61.68**	2.20
(b) Trade payables	18	**516.23**	433.07
(c) Other current financial liabilities	19	**782.23**	324.61
Other current liabilities	21	**7.68**	7.51
Provisions	20	**32.42**	27.27
		1,400.24	**794.66**
Total		**1,887.96**	**1,643.64**
Summary of significant accounting policies, judgements, estimates and assumptions	1 & 2		
The accompanying notes are an integral part of the financial statements.			

For B. K. Khare & Co	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**First Energy Private Limited**	
ICAI Firm Reg No.105102W		
	Sriram Vishwanathan	**Amitabha Mukhopadhyay**
H. P. Mahajani	Director	Director
Partner	DIN : 07776866	DIN : 01806781
Membership No. 030168		
Satish Chinchalkar	**Vishal Doke**	**Sampada Sakhare**
Manager and KMP	Chief Financial Officer	Company Secretary
Place: Mumbai	Date: April 29, 2019	
Date:April 29, 2019	Place: Pune	

Statement of profit and loss for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

Particulars	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	22	**2,155.16**	1,941.28
Other income	23	**35.80**	28.49
Total Income (I)		**2,190.96**	**1,969.77**
Expenses			
Cost of raw materials and components consumed	24	**1,126.60**	976.81
(Increase) / decrease in inventories of finished goods	25	**(4.49)**	28.49
Employee benefits expense	26	**400.37**	402.94
Finance cost	27	**134.55**	103.19
Depreciation, amortisation expense and impairment	28	**248.18**	456.71
Other Expenses	29	**829.61**	809.94
Total expenses (II)		**2,734.82**	**2,778.08**
Loss before exceptional items and tax [(I) - (II)]		**(543.86)**	(808.31)
Loss before tax (I-II)		**(543.86)**	**(808.31)**
Tax expense		**-**	-
Loss for the year		**(543.86)**	(808.31)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans-gain	35	**(1.61)**	5.29
"Total other comprehensive income for the year, net of tax."		**(1.61)**	5.29
Total comprehensive income for the year		**(545.47)**	**(803.02)**
"Basic and Diluted Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2018: 10/-)]"	31	**(4.04)**	**(6.00)**
Summary of significant accounting policies,judgements,estimates and assumptions	1 &2		
"The accompanying notes are an integral part of the financial statements."			

For B. K. Khare & Co	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**First Energy Private Limited**	
ICAI Firm Reg No.105102W		
	Sriram Vishwanathan	**Amitabha Mukhopadhyay**
H. P. Mahajani	Director	Director
Partner	DIN : 07776866	DIN : 01806781
Membership No. 030168		
Satish Chinchalkar	**Vishal Doke**	**Sampada Sakhare**
Manager and KMP	Chief Financial Officer	Company Secretary
Place: Mumbai	Date: April 29, 2019	
Date:April 29, 2019	Place: Pune	

Cash flow statement for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except stated otherwise)

		As at March 31, 2019	As at March 31, 2018
A)	**Cash flows from operating activities**		
	Profit/(Loss) before tax	**(543.86)**	(808.31)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation,amortization expenses and impairment	**248.18**	456.71
	Provision for doubtful debts/deposits	**(0.46)**	-
	Bad debts written off	**16.78**	-
	Interest Expenses	**134.55**	103.19
	Interest income from investment in Mutual funds/Fair value gain	**(1.25)**	(9.82)
	Loss on sale / discard of assets (net)	**12.17**	34.71
	(Profit)/Loss on sale of investment	**(13.08)**	-
	Dividend and interest income classified as investing cash flows	**(1.40)**	(3.84)
	Working capital adjustments		
	(Increase) in Trade Receivables	**(48.01)**	(6.80)
	(Increase) / Decrease in Inventories	**(5.39)**	37.06
	(Increase) in Other non-current assets	**(77.50)**	(68.12)
	Decrease in Other ST Loans	**3.37**	1.05
	Decrease in Other current assets	**(6.07)**	49.82
	Increase / (Decrease) in Trade Payables	**83.16**	65.62
	Increase in Provisions	**3.54**	(5.27)
	Increase / (Decrease) in Other current liabilities	**0.17**	(5.68)
	(Decrease) in Other current financial liabilities	**457.62**	(9.43)
	Cash generated from operations	**262.51**	**(169.11)**
	Direct taxes paid (net of refunds received)	**(1.71)**	(0.73)
	Net cash inflow / (outflow) from operating activities	**260.81**	**(169.84)**
B)	**Cash flows from /(used in) investing activities**		
	Purchase of Fixed Assets	**(577.53)**	(176.74)
	Sale of Fixed Assets	**3.50**	-
	Fixed Deposits with Banks placed	**(0.05)**	(100.00)
	Fixed Deposits with Banks realised	**41.68**	95.60
	Purchase of other Investments	**-**	(300.00)
	Proceeds from sale of other Investments	**222.29**	-
	Interest received	**1.69**	2.98
	Net cash flows (used in) investing activities	**(308.42)**	**(478.16)**
C)	**Cash flows from/ (used in) financing activities**		
	Proceeds from Borrowings(Preference shares)	**-**	476.64
	Proceeds from Other Equity(Preference Shares)	**-**	123.36
	Borrowings from Others/Financial Institutions	**123.00**	11.00
	Repayment of Borrowings	**(10.65)**	-
	Interest paid	**(3.21)**	(0.06)
	Net cash flows from financing activities	**109.14**	**610.94**
	Net increase / (decrease) in cash and cash equivalents	**61.53**	**(37.06)**
	Cash and cash equivalents at the beginning of the year	**38.35**	75.41
	Cash and cash equivalents at the end of the year	99.88	38.35

Reconciliation of cash and cash equivalents as per the cash flow statement:

	March 31, 2019	March 31, 2018
Cash and cash equivalents (Note 12)	**99.88**	**38.35**
Book overdraft	**-**	**-**
Balances as per Cash flow statement	**99.88**	**38.35**

For B. K. Khare & Co	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**First Energy Private Limited**	
ICAI Firm Reg No.105102W		
	Sriram Vishwanathan	**Amitabha Mukhopadhyay**
H. P. Mahajani	Director	Director
Partner	DIN : 07776866	DIN : 01806781
Membership No. 030168		
Satish Chinchalkar	**Vishal Doke**	**Sampada Sakhare**
Manager and KMP	Chief Financial Officer	Company Secretary
Place: Mumbai	Date: April 29, 2019	
Date:April 29, 2019	Place: Pune	

FIRST ENERGY PVT. LTD.

Statement of changes in Equity for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

A Equity Share Capital

	Notes	**March 31, 2019**	March 31, 2018
Balance at the beginning of the reporting period	15	**1,346.64**	1,346.64
Changes in equity shares capital during the year	15	-	-
Balance at the end of the reporting period	15	**1,346.64**	1,346.64

B Other Equity

	Reserves & Surplus		**Total**	**Equity component of Compound Financial Instruments**	**Total Equity**
	Retained Earnings	**Securities Premium**			
As at April 1, 2017	**(2,216.13)**	1,171.48	**(1,044.65)**	**123.36**	**(921.29)**
Profit for the year	**(808.31)**	-	**(808.31)**	**-**	**(808.31)**
Other Comprehensive Income	**5.29**	-	**5.29**	**-**	**5.29**
Total comprehensive income	**(3019.15)**	1,171.48	**(1847.67)**	**123.36**	**(1724.31)**
Issuance of preference share (Equity component)	**-**	-	**-**	**123.36**	**123.36**
As at March 31, 2018	**(3019.15)**	1171.48	**(1847.67)**	**246.72**	**(1600.95)**
Profit for the year	**(543.86)**	-	**(543.86)**	**-**	**(543.86)**
Other Comprehensive Income	**(1.61)**	-	**(1.61)**	**-**	**(1.61)**
Total comprehensive income	**(3564.62)**	1171.48	**(2393.14)**	**246.72**	**(2146.42)**
As at March 31, 2019	**(3564.62)**	1171.48	**(2393.14)**	**246.72**	**(2146.42)**

For B. K. Khare & Co

Chartered Accountants

ICAI Firm Reg No.105102W

H. P. Mahajani

Partner

Membership No. 030168

Place: Mumbai

Date:April 29, 2019

For and on behalf of the Board of Directors of

First Energy Private Limited

Sriram Vishwanathan

Director

DIN : 07776866

Amitabha Mukhopadhyay

Director

DIN : 01806781

Vishal Doke

Chief Financial Officer

Sampada Sakhare

Company Secretary

Date: April 29, 2019

Place: Pune

Satish Chinchalkar

Manager and KMP

1. **Corporate Information**

First Energy Private Limited ('the Company') is a private limited company incorporated and domiciled in India. The address of the registered office is Thermax House, 14, Mumbai Pune road, Wakdewadi, Pune.

First Energy Private Limited is an alternative energy company that applies biomass and gasification technology to heating appliance, specifically commercial cooking.

1.1 Summary of significant accounting policies

(i) Basis of preparation and measurement

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards)Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules,2016 and the Companies (Indian Accounting Standards) Amendment Rules,2016.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

(ii) 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

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores except when otherwise indicated.

(iii) **Changes in accounting policies and disclosures**

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

On transition to Ind AS 115, the Company has elected to adopt the new revenue standard as per modified retrospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2018. The comparative financial statements for year ended March 31, 2018 are not restated.

(iv) **Summary of significant accounting policies**

a) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign Currencies

The Company's financial statements are prepared in INR, which is the also functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments

d) Property, Plant, 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:

Sr No	Type of tangible asset	Useful life as per Schedule II	Useful life estimated by management
1	Furniture and Fixtures	10	10
2	Computer Hardware	3	2
3	Plant and Machinery -Others	15	1-6
4	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.

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) Research and development costs

1. 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	Type of Asset	Amortization Period (in years)
1	Patents	10
2	License for IPR of Technology	10
3	Product Development	4
4	Computer Software's	4

g) Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. 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.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being 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. 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.

Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rental Income

Rental Income from operating leases is recognized on straight line basis over the lease term

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.

Dividend

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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.

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.

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:

a) Trade receivables or contract revenue receivables; and

b) 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.

   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**:** ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount

Financial liabilities

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.

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:

(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 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.

m) **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.

n) **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.

o) **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.

p) **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.

q) **Retirement and other employee benefits**

i) 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.

ii) 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:

(a) The date of the plan amendment or curtailment, and

(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 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

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 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.

t) **Standards issued but not yet effective**

i) Ind AS 116, Leases:

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for period beginning on or after April 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The Standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from current accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on lease accounting from the application of Ind AS 116 will be subject to assessments that are dependent on many variable including, but not limited to, composition of the lease portfolio and the relevant discount rates at the date of adoption. The Company is in the process to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

ii) Other standards:

- Ind AS 12 Income taxes to insert of Appendix C Uncertainty over income tax treatments.
- Ind AS 19 Employee Benefits
- Ind AS 23 Borrowing Costs
- Ind AS 28 Investments in Associates and Joint Ventures
- Ind AS 109 Financial Instruments
- Ind AS 111 Joint Arrangements

2.2 Significant accounting judgments, estimates and assumptions

The preparation of 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 the 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 Company's accounting policies, management has made 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 the 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 recoverable amount, which is the higher of the fair value less cost of disposal calculation 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 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 management and do not include restructuring activities that the company 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 expected future cash-inflows and the terminal growth rate model.

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 the 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 the government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality tables trend to change only at interval in respond to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity are given by way of separate note.

1.3 **Useful lives of property, plant and equipment and intangible assets**

The company determines the estimated useful lives of its property, plant, equipment and intangible assets for calculation depreciation and amortization. The 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 amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

3 Property, Plant and Equipment

Particulars	Buildings	Plant and equipment	Office Equipment	Computer	Furniture and Fixtures	Total	"Tangible assets under development (Capital work in progress)"
Gross carrying amount as at April 1, 2017	**10.33**	**2,742.32**	**13.97**	**67.85**	**28.89**	**2,863.36**	
Additions	-	147.75	0.16	0.56	1.43	149.90	
Disposals	-	210.56	1.34	-	6.49	218.39	
Gross carrying amount as at March 31, 2018	**10.33**	**2,679.51**	**12.79**	**68.41**	**23.83**	**2,794.87**	
Additions	-	596.29	0.33	0.18	0.13	596.93	
Disposals	-	132.38	-	-	-	132.38	
Gross carrying amount as at March 31, 2019	**10.33**	**3,143.42**	**13.12**	**68.59**	**23.96**	**3,259.42**	
Accumulated depreciation and impairment as at April 1, 2017	**10.33**	**1,681.74**	**11.12**	**67.16**	**15.91**	**1,786.26**	
Charge for the year	-	217.31	0.91	0.36	3.52	222.10	
Impairment Loss (Refer note 43)	-	199.72	-	-	-	199.72	
Disposals	-	182.11	0.46	-	1.10	183.67	
Closing accumulated depreciation and impairment as at March 31, 2018	**10.33**	**1,916.66**	**11.57**	**67.52**	**18.33**	**2,024.41**	
Charge for the year	-	219.37	0.52	0.37	3.03	223.29	
Disposals	-	116.71	-	-	-	116.71	
Closing accumulated depreciation and impairment as at March 31, 2019	**10.33**	**2,019.32**	**12.09**	**67.89**	**21.36**	**2,130.99**	
Net Block March 31, 2019	**-**	**1,124.10**	**1.03**	**0.70**	**2.60**	**1,128.43**	**1.95**
Net Block March 31, 2018	**-**	**762.84**	**1.22**	**0.89**	**5.51**	**770.46**	**21.35**

4 Intangible Assets

The following tables present the reconciliation of changes in carrying value of Intangible assets :

	Computer Software	Technical know-how	Total	Intangible assets under development
Gross carrying amount as on April 1, 2017	**136.06**	**123.05**	**259.11**	
Additions	8.59	-	8.59	
Disposals/Adjustments			-	
Gross carrying amount as on March 31, 2018	**144.65**	**123.05**	**267.70**	
Additions	-	-	-	
Disposals/Adjustments	-	-	-	
Gross carrying amount as on March 31 , 2019	**144.65**	**123.05**	**267.70**	
Accumulated depreciation as at April 1, 2017	**96.36**	**46.48**	**142.84**	
Amortisation charge for the year	23.94	10.94	34.88	
Disposals	-	-	-	
Closing accumulated depreciation as at March 31, 2018	**120.30**	**57.42**	**177.72**	**-**
Amortisation charge for the year	13.95	10.94	24.89	-
Disposals	-	-	-	-
Closing accumulated depreciation as at March 31, 2019	**134.25**	**68.36**	**202.61**	**-**
Net Block March 31, 2019	**10.40**	**54.69**	**65.09**	**-**
Net Block March 31, 2018	**24.35**	**65.63**	**89.98**	**-**

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

5 Current Investments

	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds		
Investments at Fair value through Profit and Loss		
Quoted		
Investment- Aditya Birla Liquid Fund (40470.44 units @ FV 10 per unit) (previous year: 3,000,000 units @ FV 10 per unit)	**101.86**	258.99
Investment- ICICI liquid fund (previous year: 5,00,000 units @ FV 10 per unit)	**-**	50.83
Total	**101.86**	**309.82**

6 Current trade receivable

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Receivables from related parties(note 36 (e))	**-**	0.71
Others	**106.88**	72.42
Total receivables	**106.88**	73.13
Break-up of security details		
Unsecured, considered good	**106.88**	73.13
Doubtful	**29.68**	32.20
	136.56	105.33
Less: Provision for doubtful debts	**(29.68)**	(32.20)
Total	**106.88**	**73.13**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

7 Current loans

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Security deposits		
Unsecured, considered good	**22.75**	26.12
Doubtful	**2.06**	-
	24.81	26.12
Less: Provision for doubtful security deposits	**(2.06)**	-
Total	**22.75**	**26.12**

8 Other financial assets

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Interest accrued on fixed deposits	**0.64**	0.93
Total	**0.64**	**0.93**

9 Income tax assets (net)

	As at March 31, 2019	As at March 31, 2018
TDS Receivable	**5.10**	3.39
Total	**5.10**	**3.39**

10 Other non-current assets

	As at March 31, 2019	As at March 31, 2018
Sales Tax Recoverable	**213.36**	131.58
	213.36	131.58
Less : Classified as Current	**-4.28**	-
Total	**209.08**	**131.58**

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, 2019	As at March 31, 2018
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	**49.80**	48.90
Finished goods	**85.84**	81.35
Total	**135.64**	130.25

12 Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- in current accounts	**99.88**	38.35
Total	**99.88**	**38.35**

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, 2019	As at March 31, 2018
Deposits with original maturity of more than 3 months but less than 12 months	**0.77**	42.40
Total	**0.77**	**42.40**

14 Other current assets

	As at March 31, 2019	As at March 31, 2018
Unsecured considered good		
Sales tax recoverable	**4.28**	-
Advances to employee	**3.25**	3.53
Prepaid Expenses	**2.36**	2.15
Others	**-**	0.20
Total	**9.89**	**5.88**

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, 2019	As at March 31, 2018
Authorized shares		
3,80,00,000 (Previous year 3,80,00,000) equity shares of Rs. 10/- each.	**3,800**	3,800
	3,800.00	3,800.00

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

Issued, subscribed and fully paid share capital		
1,34,66,365 (Previous year 1,34,66,365) equity shares of Rs. 10/- each.	**1,346.64**	1,346.64
Total issued, subscribed and fully paid-up share capital	**1,346.64**	1,346.64

(a) **Reconciliation of the shares outstanding at the beginning and at the end of the year**

	No. of shares	Rs
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at March 31,2018	**1,34,66,365**	1,346.64
Changes during the year	**-**	-
At March 31, 2019	**1,34,66,365**	**1,346.64**

(b) **Terms/ rights attached to equity shares**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) **Equity shares held by ultimate holding / holding company**

	As at March 31, 2019	As at March 31, 2018
Holding company		
Thermax Limited		
1,02,34,437 (Previous year: 1,02,34,437) equity shares of Rs. 10/- each fully paid	**1,023.44**	1,023.44

(d) **" Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company "**

Name of the shareholder	As at March 31, 2019	As at March 31, 2018
(i) Thermax Limited, India		
% Holding	76.00%	76.00%
No. of shares	1,02,34,437	1,02,34,437
(ii) Naveen & Puja Kshatriya		
% Holding	6.07%	6.07%
No. of shares	8,17,678	8,17,678

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

16 **Other equity**

		As at March 31, 2019	As at March 31, 2018
	Reserves and surplus		
A	**Securities premium account**	**1,171.48**	1,171.48
B	**Retained earnings**		
	Opening balance	**(3019.15)**	(2216.13)
	Add: Loss for the year	**(543.86)**	(808.31)
	Add: Re-measurements of post-employment benefit obligations	**(1.61)**	5.29
	Net surplus/ deficit in the statement of profit and loss	**(3564.62)**	(3019.15)
C	**Total Reserves and Surplus (A+B)**	**(2393.14)**	(1847.67)
	Equity component of compound financial instrument	**246.72**	246.72
	Total	**(2146.42)**	**(1600.95)**

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

17 **Borrowings**

(a) **Non current borrowings**

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Term loans (from Financial Institution)		
Secured Loans	**123.35**	11.00
" Less : Current maturities of Long term Borrowings (included in note 17 (b) "	**61.68**	2.20
Total	**61.67**	8.80
8% Cumulative reedemable preference shares	**1,225.83**	1,094.49
(1,20,00,000 shares of Rs 10 each fully paid)		
Total	**1,287.50**	1,103.29

During the year ended 31st March 2017, the Company had issued 60,00,000 Redeemable Preference Shares of Rs. 10/- each @ 8%. The preference shares are Cumulative, non- convertible, non-participating and redeemable on completion of 5 years at face value in Cash. Equity component of such shares are recorded in other equity. During the year ended 31st March, 2018, the Company had issued additional 60,00,000 shares issued Redeemable Preference Shares of Rs. 10/- each @ 8%,

The equity component of preference shares is recorded in other equity.

Due to absence of adequate profits, dividend on 8% Cumulative reedemable preference shares issued to Thermax Limited has not been provided.

Secured loan from Tata Capital is Rs 123.35 lacs @ 10.9% p.a., for 3 years out of which 61.68 lacs is classified as current and Rs.61.67 lacs classified as non current

(b) **Current Borrowings**

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Secured		
From Financial Institution	**61.68**	2.20
Total	**61.68**	2.20
Aggregate Secured loans	**123.35**	11.00
Aggregate Unsecured loans	**1,225.83**	1,094.49

18 **Current trade payables**

	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	**11.35**	15.78
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (note 36 e)	**23.52**	12.43
(ii) Others	**481.36**	404.86
Total	**516.23**	433.07

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

	As at March 31, 2019	As at March 31, 2018
The Principal amount and the interest due thereon remainning unpaid to any supplier as at the end of each accounting year	11.35	15.78
"Principal amount outstanding to micro and small enterprises"		
Interest due thereon	0.01	0.07
The amount of interest paid by the company in terms of section 16 of the MSMED act,2006 along with the amounts of the payment made to the supplier beyond the appinted day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year.	-	-
The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act,2006	-	-
The amount of interest acrued and remainning unpaid at the end of each accounting year.	0.08	0.07
"The amount of further interest remainning due and payable even in the suceeding years, until such a date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a"	-	-
deductible expenditure under section 23 of the MSMED act,2006		

19 Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
At amortized cost		
Trade deposits	**363.63**	256.03
Capital Creditors	**387.73**	40.64
(including related party creditors Rs.300.97 March 19 (Rs.40.64, March 18))		
Employee related payables	**30.87**	27.94
	782.23	324.61

20 Current provisions

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Provision for gratuity (Refer note 35)	**32.42**	27.27
Total	**32.42**	**27.27**

21 Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Statutory dues and other liabilities*	**7.68**	7.51
Total	**7.68**	**7.51**

* mainly includes tax deducted at source, provident fund, ESIC, GST etc.

22 Revenue from operations (net)

i) Disaggregated revenue

	March 31, 2019	March 31, 2018
Details of revenue		
Sale of products	**2,017.09**	1,896.36
Sale of Services	**73.94**	-
Total revenue	**2,091.03**	1,896.36
Timing of revenue recognised during the year		
Over a period of time basis	**73.94**	-
At a point-in-time basis	**2,017.09**	1,896.36
Total revenue	**2,091.03**	1,896.36
Geographical market of revenue recognised during the year		
Within India	**2,091.03**	1,896.36
Outside India	**-**	-
Total revenue	**2,091.03**	1,896.36

ii) Contract balances

The following table provides information about contract balances from contracts with customers as at the reporting date:

	As at March 31, 2019	As at March 31, 2018
Trade receivables	**106.88**	73.13

iii) Performance obligations

Performance obligation for products are evaluated on standalone basis, recognised at point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

Revenue from service contracts are recognised on time proportion basis as per the terms of the contracts.

There are no major contracts with customers which have significant financing component included within them and therefore there is no diffrence between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

b) Other operating revenue

	March 31, 2019	March 31, 2018
Rental Income	**63.45**	32.55
Sale of scrap	**0.68**	12.37
Total	**64.13**	44.92
Revenue from operations (net)	**2,155.16**	1,941.28

23 Other income

	March 31, 2019	March 31, 2018
Net gain on sale of current investments designated at FVPL	**13.08**	-
Interest Income on bank deposits	**1.40**	3.84
Fair value gain on financial instrument at fair value through profit & loss (net)	**1.25**	9.82
Miscellaneous income	**20.07**	14.83
Total	**35.80**	28.49

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

24 Cost of raw material and components consumed

	March 31, 2019	March 31, 2018
Inventories at the beginning of the year	**48.90**	57.47
Add: Purchases	**1,127.50**	968.24
	1,176.40	1,025.71
Inventories at the end of the year	**49.80**	48.90
	1,126.60	976.81
Total	**1,126.60**	976.81

25 (Increase) / decrease in inventories of finished goods

	March 31, 2019	March 31, 2018
Inventories at the beginning of the year		
Finished goods	**81.35**	109.84
	81.35	109.84
Less: inventories at the end of the year		
Finished goods	**85.84**	81.35
	85.84	81.35
	(4.49)	28.49

26 Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries and wages	**365.45**	371.44
Contribution to provident and other funds	**24.49**	18.72
Gratuity expense (Refer note 35)	**6.70**	10.27
Staff welfare expenses	**3.73**	2.51
	400.37	402.94

27 Finance costs

	March 31, 2019	March 31, 2018
Interest expense	**134.55**	103.19
	134.55	103.19

28 Depreciation,amortization expense and impairment

	March 31, 2019	March 31, 2018
Depreciation of tangible assets	**223.29**	222.10
Amortization of intangible assets	**24.89**	34.89
Impairment Loss (Note 42)	**-**	199.72
	248.18	456.71

29 Other expenses

	March 31, 2019	March 31, 2018
Freight and forwarding charges (net)	**409.19**	374.28
Travelling and conveyance	**98.31**	77.65
Consumption of stores and spare parts	**6.47**	9.60
Rent (note 34(a))	**46.95**	44.99
Rates and taxes	**26.98**	15.44
Legal and professional fees (Including payment to Auditors (Refer note 30)	**24.24**	26.66
Communication expenses	**30.45**	23.30
Advertisement and sales promotion	**8.73**	18.33
Repairs and maintenance		
Boiler and Stove	**71.09**	85.27
Plant and machinery	**22.35**	40.05
Others	**7.87**	7.87
Bad debts written off	**16.78**	-
Provision for doubtful debts/deposits	**(0.46)**	-
Warehouse Expenses	**12.33**	14.86
Business promotion	**8.54**	10.20
Research and development expenses	**1.70**	1.41
Transportation	**2.37**	3.23
Power and fuel	**1.39**	2.63
Insurance	**2.49**	2.98
Loss on sale / discard of assets (net)	**12.17**	34.71
Printing and stationery	**2.25**	1.87
Office expenses	**9.08**	4.42
Interest under MSMED	**0.01**	0.07
Miscellaneous expenses (includes bank charges, commission & brokerage, rent collection charges, etc.)	**8.33**	10.12
	829.61	809.94

30 Payment to auditors

	March 31, 2019	March 31, 2018
As auditor		
Audit and limited review fee	**2.36**	2.00
Tax audit fee	**0.50**	0.50
In other capacity		
Other services	**0.05**	-
Reimbursement of expenses	**0.18**	0.14
Total	**3.09**	2.64

31 Earnings per share

	March 31, 2019	March 31, 2018
Net profit attributable to the Equity shareholders of the Company	**(543.86)**	(808.31)
Weighted average number of Equity shares of Rs.10/- each	**1,34,66,365**	1,34,66,365
Basic and Diluted EPS	**(4.04)**	(6.00)

32 Income Taxes

Deferred Tax asset has not been recognised in respect of depreciation and carried forward losses because of uncertanity of future taxable profit against which they can be realised.

33 Contingent Liabilities and commitments

Taxes

	March 31, 2019	March 31, 2018
Disputed demands in respect of Sales Tax/VAT	49.07	46.34

34 (a). i. Operating lease: Company as lessee

The Company has taken office buildings on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing.

	March 31, 2019	March 31, 2018
Lease payments-Upto 1 year	38.79	24.71
Lease payments-1 to 5 years	14.96	20.28
Lease payments-More than 5 years	-	-

ii. Operating lease: Company as lessor

The Company has leased certain direct and indirect heating equipments to customers. The tenure of such lease agreements ranges from 1 to 5 years and achievement of targeted cosumption volume of pellets.

	March 31, 2019	March 31, 2018
Lease received for the year	63.45	32.55

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

35 GRATUITY

A. 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, 2017	**32.54**
Current service cost	8.24
Interest expense/(income)	2.03
Total amount recognised in Profit or Loss	10.27
Experience adjustments	(4.68)
Actuarial (gain)/loss from change in demographic assumptions	-
Actuarial (gain)/loss from change in financial assumptions	(0.61)
Return on plan assets expense/(income)	-
Total amount recognised in Other Comprehensive Income	(5.29)
Employer contributions	-
Benefits paid	(10.25)
March 31, 2018	27.27

Particulars	Present value of obligation
April 1, 2018	**27.27**
Current service cost	4.72
Interest expense/(income)	1.98
Total amount recognised in Profit or Loss	6.70
Experience adjustments	(2.58)
Actuarial (gain)/loss from change in demographic assumptions	-
Actuarial (gain)/loss from change in financial assumptions	4.19
Return on plan assets expense/(income)	-
Acquisition adjustments	-
Total amount recognised in Other Comprehensive Income	1.61
Employer contributions	-
Benefits paid	(3.16)
March 31, 2019	**32.42**

II The net liability disclosed above relates to funded plans are as follows :

Particulars	March 31, 2019	March 31, 2018
Deficit of funded plan	32.42	27.27

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.78%	7.70%
Salary growth rate	7%	5%
Expected return on plan assets	-	-
Normal retirement age	60	60
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, 2019	March 31, 2018
Discount rate		
1.00% increase	Decrease by 2.53	Decrease by 1.84
1.00% decrease	Increase by 3.01	Increase by 2.16
Future salary increase		
1.00% increase	Increase by 2.75	Increase by 2
1.00% decrease	Decrease by 2.37	Decrease by 1.73
Attrition Rate		
1.00% increase	Increase by 0.19	Increase by 0.50
1.00% decrease	Decrease by 0.24	Decrease by 0.57

"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, 2019	March 31, 2018
Within next 12 months	9.56	8.58
Between 2-5 years	8.02	7.81
Between 5-10 years	27.72	24.78

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.58 years (March 31, 2018: 15.76 Years)

B Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 16.14 (March 31, 2018 Rs. 13.94)

36 Related party disclosures

a. Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda

Notes to financial statements for the year ended March 31, 2019

(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.

Thermax Netherlands BV.

Thermax Denmark ApS

Danstoker A/S

Ejendomsanp artsselskabet Industrivej Nord 13

Boilerworks A/S

Boilerworks Properties ApS Industrivej

Rifox-Hans Richter GmbH Spezialarmaturen

Thermax SDN.BHD

Thermax Engineering Singapore Pte. Ltd.

PT Thermax International

Thermax Senegal S.A.R.L

Thermax Nigeria Ltd.

Thermax Onsite Energy Solutions Ltd.

Thermax Babcock & Wilcox Energy Solutions Pvt Ltd

Thermax SPX Energy Technologies Ltd

Thermax Hong Kong Ltd

Thermax Energy and Environment Philippines Corporation

Thermax Energy & Environment Lanka (Private) Limited

Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia

Thermax Engineering Construction FZE

b. Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2019	March 31, 2018	
1	Thermax Limited	India	76.00%	76.00%	Holding company

c. Enterprises with common Directors

1. Topwheelz Automotive Private Limited
2. Classics Legends Private Limited
3. Ambit Private Limited
4. Optimus Ventures, Singapore
5. Kshatriya Ventures LLP
6. Labournet Services Private Limited
7. Acumen Fund Advisory Services India Private Limited
8. Grameen Impact Investments India Private Limited
9. Lifespring Hospitals Private Limited

d. Key Management Personnel:

1. Mr.Amitabha Mukhopadhyay -Nominee Director
2. Mr.Hemant Mohogaonkar -Nominee Director
3. Mr.Sriram Vishwanathan -Nominee Director
4. Mr. Mahesh Yagnaraman-Director
5. Mr.Naveen Kshatriya-Director
6. Mr. Satish Chinchalkar - Manager (w.e.f April 27, 2018)
7. Mr. Abhishek Gagapalliwar - CFO (up to September 4, 2018)
8. Mr. Vishal Doke - CFO (w.e.f January 25, 2019)
9. Ms. Sampada Sakhare - CS (w.e.f April 2, 2018)

e. Transactions with Related parties:

	Holding Company		Thermax Onsite Energy solutions Ltd		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		"Key Management Personnel and Individuals mentioned in E"		Total	
	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018
a. Transactions during the year										
Sales of products and services	-	3.89	10.70	-	-	-	-	-	10.70	3.89
Recovery of expenses from related parties	-	-	2.98	-	-	-	-	-	2.98	-
Purchase of raw material and components and services/products	-	-		-	-	2.75	-	-	-	2.75
Purchase of Capital Equipments	325.36	45.10							325.36	45.10
Reimbursement of expenses to related parties	46.57	14.83	2.50	1.76	-	-	1.18	1.79	50.25	18.38
Remuneration to key management personnel*	-	-	-	-	-	-	7.94	27.25	7.94	27.25
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 as a whole.

	Holding Company		Thermax Onsite Energy solutions Ltd		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		"Key Management Personnel and Individuals mentioned in E"		Total	
	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018	"March 31, 2019"	March 31, 2018
Balances as at the Year end										
Trade receivable	-	0.71	-	-	-	-	-	-	-	0.71
Trade payables and other Liablilities	323.98	50.75	0.23	2.05	0.27	0.27	-	-	324.49	53.07
Preference Shares (includes other equity)	-	1,200.00	-	-	-	-	-	-	-	1,200.00

Terms and conditions for outstanding balances

1. All outstanding balances are unsecured and payable in cash
2. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.
3. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash

37 I. Fair value measurements

Break up of financial liabilities carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Borrowings	1,349.18	1,105.49
Trade payable	516.23	433.07
Other liabilities	782.23	324.61
Total	**2,647.64**	**1,863.17**
Current liabilities	1,360.14	759.88
Non current liabilities	1,287.50	1,103.29
Total	**2,647.64**	**1,863.17**

Notes to financial statements for the year ended March 31, 2019
(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)

Break-up of financial assets carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Trade receivables	106.88	73.13
Loans	22.75	26.12
Other financial assets	0.64	0.93
Cash and cash equivalents	99.88	38.35
Bank balances other than cash and cash equivalents	0.77	42.40
Total	**230.92**	**180.93**
Current assets	230.92	180.93
Non-current assets	-	-
Total	**230.92**	**180.93**

Break-up of financial assets carried at fair value through profit and loss

	As at March 31, 2019	As at March 31, 2018
Financial assets		
Investments		
Mutual funds	101.86	309.82
Total financial assets (Current)	101.86	309.82

II 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, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2019	-	101.86	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2018	-	309.82	-

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."

Maturities of financial liabilities

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

March 31, 2019	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	61.68	61.67	1,225.83	-
Trade Payables	-	516.23	-	-	-
Other payables	-	782.23	-	-	-

March 31, 2018	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	2.20	8.80	1,094.49	-
Trade Payables	-	433.07	-	-	-
Other payables	-	324.61	-	-	-

38 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, 2019 and March 31, 2018.

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, 2019

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, 2019 and March 31, 2018. The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2019 for the effects of the assumed changes of the underlying risk."

II Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rate		
- Increase by 100 basis points	(13.76)	(11.19)
- Decrease by 100 basis points	13.76	11.19

III Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. At March 31, 2019, the Company had 5 that accounted for approximately 20% (March 18-14%) of total receivables.

Financial instruments and cash deposits

"Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments."

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. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents."

	March 31, 2019	March 31, 2018
Borrowings	1,349.18	1,105.49
Trade payables	516.23	433.07
Capital Creditors	387.73	40.64
Less: Cash and cash equivalents (includes other bank balances)	100.65	80.75
Net debt	2,152.49	1,498.45
Equity	(799.78)	(254.31)
Net Debt to Equity	(2.69)	(5.89)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

40 Disclosure for statement of Cash Flows-Ind AS -7

	March 31,2018	Cash Flows	Acquisition	Foreign exchange movements	Fair value changes/ Accrual'	March 31,2019
Equity component of preference shares	246.72	-	-	-	-	246.72
"Long term Borrowings "	1,103.29	52.87	-	-	131.34	1,287.50
"Short term Borrowings/Current liabilities"	2.20	59.48	-	-	-	61.68
Total	1,352.21	112.35	-	-	131.34	1,595.90

41 Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management and have been relied upon by the auditors.

42 "The Equity share capital of the Company is Rs. 1346.64 Lakhs and share premium is Rs.1171.48 Lakhs. However net worth is fully eroded at Mar-2019 The Company has incurred a loss of Rs. 543.86 Lakhs during the year ended March 31, 2019. However, the cashflow from operations for Mar 19 were positive. Further, future profitability projections of the Company indicate the Company's ability to continue as a going concern.

In view of mitigating factors such as availability of line of credit to meet funding requirements over next twelve months, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts."

43 During the year ended March 31, 2018 the Management had assessed the recoverability of its Plant and Equipment following continued losses on account of low sales. Consequently its plant and equipment was impaired by Rs 199.72 lakhs based on net book value of assets less discounted future cash flows. The Company has performed an assessment of impairment based on future projections of cashflows based on which no additional impairment is indicated as at March 31, 2019.

44 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

For the convenience of the readers of this compilation, the audited financial statements of overseas subsidiaries prepared in local currencies, equivalent rupee amounts have also been additionally stated converted at the exchange rates as on March 31 , 2019.

This Page has been intentionally kept Blank

THERMAX EUROPE LIMITED

Board of Directors	***Registered Office***	***Auditors***
V Balasubramanian S B Nadkarni	1 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***
HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR	03183441 (England and Wales)	Joanne L Denman FCCA

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

REVIEW OF BUSINESS

The directors present their strategic report for the year ended 31 March 2019.

The performance for the financial year 18-19 has been consistent with the budget and a number of successful projects executed.

The year closed with a turnover of £ 6.2 Million (previous year £ 6.81 Million). The pre-tax profit stands at £ 619,356 (previous year £ 467,267). The forward order booking for the year stands at £ 6.12 Million, an increase of 8% compared to previous year.

The Chiller business continues to be driven by on-site power generation market in Italy, Germany Spain and UK. The Heat Pump business is driven by the district heating sector and the commitment made by some of the European countries to reduce their dependency on fossil fuel and increase energy efficiencies.The revenue for Spares and Service have been in line with the overall business strategy.The outlook for 2019-20 is stable with major focus on Germany, UK and Scandinavia.

PRINCIPAL RISKS AND UNCERTAINTIES

The core business of Thermax Europe Ltd is the sales and service of Absorption chillers and heat pumps, manufactured by our parent company Thermax Ltd. Near term risk to the business comes from other competitors from the Far East, who could drive down the prices affecting the company's bottom line and sales. Any changes in government policies regarding energy can also affect the market for the type of equipment the company markets. The recent strides taken by renewable energy sector will be a long term threat to businesses that directly or indirectly deal with equipment supply that rely on fossil fuel. The chillers and heat pumps the company markets falls in this category.

On Financial management, The company has established a risk management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to ensure sufficient working capital exists.

BREXIT: The company imports chillers and heat pumps from its parent company manufacturing plant in India. However, the cargo is delivered directly to the port of entry in Europe and custom cleared by the distributor - who is officially the importer from a non-EU country into the respective EU country. The company Thermax Europe Ltd, based in UK does not import the goods to UK, unless the customer is UK based. Any Brexit related risk, we think is minimal considering the above. However, we do have a small number of spare parts that are stocked in UK and delivered to Europe. These may attract duty in case of non deal Brexit. But the impact on overall business due to this is negligible.

EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK

Cash flow risk is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company finances its operations with cash and working capital items such as trade debtors and trade creditors that arise directly from its operations.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and credit facilities.

Credit risk is the risk that one party to financial instruments will cause a financial loss for that other party failing to discharge an obligation. The policy is aimed at minimizing such losses and requires that the deferred terms are granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The director sets working capital targets including debtor days. Outstanding balances are reviewed by staff on a regular basis, in conjunction with debt ageing, and the Company operates a robust collection procedure.

ON BEHALF OF THE BOARD:

S B Nadkarni - Director

14 May 2019

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

DIRECTORS

A M Vaishnav - resigned 27.4.18
A R Shah - resigned 27.4.18
V Balasubramanian - appointed 27.4.18
S B Nadkarni - appointed 27.4.18

The directors shown below were in office at 31 March 2019 but did not hold any interest in the Ordinary shares of £1 each at date of appointment or 31 March 2019.

V Balasubramanian
S B Nadkarni

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:

S B Nadkarni - Director

14 May 2019

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THERMAX EUROPE LIMITED

Opinion

We have audited the financial statements of Thermax Europe Limited (the 'company') for the year ended 31 March 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Directors' Responsibilities Statement, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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.

Joanne L Denman 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
15 May 2019

Income Statement for the year ended 31 March 2019

	NOTE	2019 £	2019 Rs Lacs	2018 £	2018 Rs Lacs
Revenue	3	**6,199,474**	**5,586.31**	6,809,930	6,222.12
Cost of sales		**4,879,383**	**4,396.78**	5,496,353	5,021.93
Gross profit		**1,320,091**	**1,189.53**	1,313,577	1,200.19
Administrative expenses		**719,860**	**648.66**	851,117	777.65
Operating profit	5	**600,231**	**540.86**	462,460	422.54
Interest receivable and similar income		**19,197**	**17.30**	4,999	4.57
		619,428	**558.16**	467,459	427.11
Interest payable and similar expenses	6	**72**	**0.06**	192	0.18
Profit before taxation		**619,356**	**558.10**	467,267	426.93
Tax on Profit	7	**88,000**	**79.30**	118,212	108.01
Profit for the financial year		**531,356**	**478.80**	349,055	318.93

The notes form part of these financial statements

Exchange rate : as at 31 March 2019 is £= Rs 90.11

Exchange rate : as at 31 March 2018 is £= Rs 91.37

Statement of Changes in Equity For the year ended 31 March 2019

	Called Up Share Capital £	Called Up Share Capital Rs Lacs	Retained Earnings £	Retained Earnings Rs Lacs	Total Equity £	Total Equity Rs Lacs
Balance at 1 April 2017	200,000	180.22	4,750,108	4,280.29	4,950,108	4,460.51
Change in Equity:						
Total comphrensive income	-	-	349,055	314.53	349,055	314.53
Balance at 31 March 2018	200,000	180.22	5,099,163	4,594.82	5,299,163	4,775.04
Changes in Equity:						
Total comphrensive income	-	-	531,356	478.80	531,356	478.80
Balance at 31 March 2019	200,000	180.22	5,630,519	5,073.62	5,830,519	5,253.84

Other Comprehensive Income for the year ended 31 March 2019

	Notes	2019 £	2019 Rs Lacs	2018 £	2018 Rs Lacs
Profit for the Year		531,356	478.80	349,055	318.93
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income For The Year		**531,356**	**478.80**	349,055	318.93

Balance Sheet as at 31 March 2019

	NOTE	2019 £	2019 Rs Lacs	2018 £	2018 Rs Lacs
Fixed assets					
Property, Plant and Equipment	8	**3,852**	**3.47**	2,267	2.07
Current assets					
Inventories	9	**272,823**	**245.84**	1,254,752	1,146.45
Debtors	10	**5,923,397**	**5,337.54**	3,616,325	3,304.18
Cash at bank and in hand		**1,641,128**	**1,478.81**	2,373,738	2,168.85
		7,837,348	**7,062.18**	7,244,815	6,619.47
Creditors:					
Amounts falling due within one year	11	**(2,010,681)**	**(1,811.81)**	1,947,919	(1,779.78)
Net current assets		**5,826,667**	**5,250.37**	5,296,896	4,839.69
Total assets less current liabilities		**5,830,519**	**5,253.84**	5,299,163	4,841.76
Capital and reserves					
Called up share capital	13	**200,000**	**180.22**	200,000	182.74
Retained Earnings	14	**5,630,519**	**5,073.62**	5,099,163	4,659.02
Shareholders' funds		**5,830,519**	**5,253.84**	5,299,163	4,841.76

The financial statements were approved by the Board of Directors on 14 May, 2019 and were signed on its behalf by:

S B Nadkarni

Director

Cash Flow Statement for the year ended 31 March 2019

	NOTE	2019 £	2019 Rs Lacs	2018 £	2018 Rs Lacs
Cash flow from operating activities					
Cash generated from operations	1	**573,021**	**516.35**	23,362	21.35
Interest Paid		**(72)**	**(0.06)**	(192)	(0.18)
Tax Paid		**(145,038)**	**(130.69)**	(131,761)	(120.39)
Net cash from operating activities		**427,911**	**385.59**	(108,591)	(99.22)
Cash flow from investing activities					
Purchase of tangible fixed asset		**(3,000)**	**(2.70)**	(1,339)	(1.22)
Interest received		**19,197**	**17.30**	4,999	4.57
Net cash from investing activities		**16,197**	**14.60**	3,660	3.34
Cash flow from financing activities					
New loans in year		**(1,309,099)**	**(1,179.62)**	(132,381)	(120.95)
Loan repayment in year		**132,381**	**119.29**	-	-
Net cash from financing activities		**(1,176,718)**	**(1,060)**	(132,381)	(121)
(Decrease)/Increase in cash and cash equivalents		**(732,610)**	**(660.15)**	(237,312)	(216.83)
Cash and cash equivalents at the beginning of the year	2	**2,373,738**	**2,138.96**	2,611,050	2,385.67
Cash and cash equivalents at the end of the year	2	**1,641,128**	**1,478.81**	2,373,738	2,168.85

Notes to the Cash Flow statement for the year ended 31 March 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	**619,356**	467,267
Depreciation charges	**1,416**	655
Miscellaneous	**(1)**	-
Finance costs	**72**	192
Finance income	**(19,197)**	(4,999)
	601,646	463,115
Decrease in inventories	**981,929**	697,095
Increase in trade and other debtors	**(1,130,354)**	(1,657,617)
Increase in trade and other creditors	**119,800**	520,769
Cash generated from operations	**573,021**	23,362

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 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	**1,641,128**	2,373,738

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	**2,373,738**	2,611,050

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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 & machinery	-	20% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	33.33% on cost

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised costs using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from related companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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:

	2019	2018
	£	£
United Kingdom	422,363	777,167
Rest of World	5,777,111	6,032,763
	6,199,474	6,809,930

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	318,598	303,924
Social security costs	35,737	33,336
Other pension costs	9,042	9,057
	363,377	346,317

The average number of employees during the year was as follows:

	2019	2018
Director	2	2
Administration	8	8
	10	10

	2019	2018
	£	£
Directors' remuneration	-	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	11,478	11,173
Depreciation - owned assets	1,415	655
Auditors' remuneration	4,050	4,200
Foreign exchange differences	108,206	(92,912)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Other interest	72	192

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	88,000	118,212
Tax on profit	88,000	118,212

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:

	2019	2018
	£	£
Profit before tax	619,356	467,267
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	117,678	88,781
Effects of:		
Expenses not deductible for tax purposes	104	173
Capital allowances in excess of depreciation	(352)	(172)
Bad Debts Provision	(29,430)	29,430
Total tax charge	88,000	118,212

8. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1 April 2018	3,346	6,501	18,345	28,192
Additions	-	75	2,925	3,000
At 31 March 2019	3,346	6,576	21,270	31,192
DEPRECIATION				
At 1 April 2018	3,211	6,033	16,681	25,925
Charge for year	46	163	1,206	1,415
At 31 March 2019	3,257	6,196	17,887	27,340
NET BOOK VALUE				
At 31 March 2019	89	380	3,383	3,852
At 31 March 2018	135	468	1,664	2,267

9. INVENTORIES

	2019	2018
	£	£
Stocks	272,823	1,254,752

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	**3,379,773**	3,031,372
Amounts owed by group undertakings	**820,614**	440,431
Loans & Advances to Associates	**1,309,099**	132,381
Interest Accrued	**-**	489
Other Debtors	**405,365**	-
Prepayments	**8,546**	11,652
	5,923,397	3,616,325

Other debtors comprise amounts recoverable for costs in relation to technical delays on a specific order. The full balance is expected to be settled.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	**21,364**	54,670
Amounts owed to group undertakings	**1,414,328**	1,026,781
Tax	**13,866**	70,904
Social security and other taxes	**13,021**	11,751
VAT	**9,722**	43,297
Customer Advance Payments	**248,751**	352,810
Accrued expenses	**289,629**	387,706
	2,010,681	1,947,919

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	**13,138**	5,334
Between one and five years	**11,250**	18,797
	24,388	24,131

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2019** **£**	2018 £
200,000	Ordinary	£1	**200,000**	200,000

14. RESERVES

	Retained earnings £
At 1 April 2018	5,099,163
Profit for the year	531,356
At 31 March 2019	**5,630,519**

15. RENTALS OUTSTANDING

Year	**2019**	2018
Due within 1 year	**18,102**	8,205
Due in more than 1 year and less than 5	**4,499**	11,400

16. RELATED PARTY DISCLOSURES

Thermax Limited owns 100% of the shares in Thermax Europe Limited.

During the year Thermax Europe Limited were reimbursed expenses incurred amounting to £214,530 (2018:£170,789) from Thermax Limited.

During the year Thermax Europe Limited made sales amounting to £372,357 (2018: £463,688) to Danstoker A/S and Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) £Nil (2018: £Nil).

Purchases were made in the year from Thermax Limited of £2,792,258 (2018: £3,178,556), Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) of £732,281 (2018: £1,035,261), Danstoker A/S £7,880 (2018: £54,812), Danstoker SP Z.O.O £918 (2018: £Nil) and Rifox-Hans Richter Gmbh £135,630 (2018: £138,892).

At 31/03/2019 Thermax Europe Limited was owed £198,912 (2018: £117,865) from Thermax Limited, £Nil (2018: £Nil) from Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £621,702 (2018: £368,062) from Danstoker A/S.

Thermax Europe Limited also owed £1,414,328 (2018:£1,011,430) to Thermax Limited, £Nil (2018:£15,351) to Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £Nil (2018:£45,496) 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 was repaid in full by the 15th February 2019.

On 16th July 2018 a loan of 1,500,000 Euros (£1,293,103) was made to Danstoker A/S at an interest rate of Libor plus 1.75%.

17. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holdings Private Limited, a company incorporated in India.

The immediate parent company is Thermax Limited, a company incorporated in India.

THERMAX INTERNATIONAL LIMITED

Board of Directors

Mr Pheroz Pudumjee
(Resigned on 12-Jan-15)
Mrs 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 on12-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

C/o Anex Management Services Ltd
8th Floor, Ebene Tower
52, Cybercity
Ebene
Mauritius

Auditors

Yousouf Peerbaye, F.C.A
Chartered Accountants
6th Floor, Richard House
Remy Ollier Street, Port Louis
Republic of Mauritius

Administrator & Company Secretary

Anex Management Services Ltd
8th Floor, Ebene Tower
52, Cybercity
Ebene
Mauritius

Bankers

HSBC Bank (Mauritius) Ltd
HSBC Centre
18, Cyber City, Ebene,
Republic of Mauritius

COMMENTARY OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

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 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS

Details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

DIRECTORS

The present membership of the Board is set out on page 2.

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 2019.

for **Anex Management Services Ltd**
Corporate secretary

Date: 17 May 2019

THERMAX INTERNATIONAL LIMITED

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 2019, 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 24 give a true and fair view of the financial position of the Company 31 March 2019, 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Certificate from the Secretary and the Statement of Profit or Loss and Other Comprehensive Income as required by the Mauritius Companies Act 2001 of Mauritius, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 based on 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: 17 May 2019

Statement of Financial Position as at 31 March 2019

PARTICULARS	Notes	2019		2018	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Investments	6	**737,345**	**509.87**	696,023	453.60
Current assets					
Prepayments		**1,612**	**1.11**	1,582	1.03
Cash and cash equivalent	7	**835,036**	**577.43**	587,423	382.82
		836,648	**578.54**	589,005	383.85
Other assets					
Other Receivable		**475**	**0.33**	475	0.31
Dividend Receivable		**-**	**-**	315,247	205.45
		475	**0.33**	315,722	206
Total assets		**1,574,468**	**1,088.74**	1,600,750	1,043.21
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	8	**3,442,300**	**2,380.35**	3,442,300	2,243.35
Accumulated losses		**(1,873,507)**	**(1,295.53)**	(1,855,369)	(1,209.14)
		1,568,793	**1,084.82**	1,586,931	1,034.20
Current liabilities					
Trade & Other Payables	9	**5,675**	**3.92**	4,800	3.13
Tax Liability	5	**-**	**-**	9,019	5.88
		5,675	**3.92**	13,819	9.01
Total equity and liabilities		**1,574,468**	**1,088.74**	1,600,750	1,043.21

Approved by the Board on 17 May 2019 and signed on its behalf by:

Farhana Alimohamed
Director

Nundan Sharma Doorgakant
Director

Statement of Profit or Loss and Other Comphrensive Income for the year ended 31 March 2019

PARTICULARS	Notes	2019		2018	
		USD	Rs Lacs	USD	Rs Lacs
INCOME					
Dividend		**-**	**-**	315,247	205.45
		-	**-**	315,247	205.45
EXPENSES					
Management Fees		**3,499**	**2.42**	3,376	2.20
Licence Fees		**2,630**	**1.82**	2,660	1.73
Bank charges		**2,829**	**1.96**	1,504	0.98
Audit Fees		**2,800**	**1.94**	1,200	0.78
Accountancy Fees		**2,750**	**1.90**	2,600	1.69
Professional Fees		**2,600**	**1.80**	2,255	1.47
Taxation Fees		**1,000**	**0.69**	1,000	0.65
Disbursements Fees		**30**	**0.02**	15	0.01
		18,138	**12.54**	14,610	9.52
(Loss)/Profit before taxation		**18,138**	**12.54**	300,637	195.93
Taxation	5	**-**	**-**	9,019	5.88
(Loss)/Profit for the year		18,138	**12.54**	291,618	190.05

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15

Exchange Rate : as at 31 March 2018 is 1 US $ = Rs 65.17

The notes on page 12 to 24 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2019

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2017	3,442,300	2,243.35	(2,146,987)	(1,399.19)	1,295,313	844.16
Profit for the year	-	-	291,618	190.05	291,618	190.05
Balances as at 31st March 2018	3,442,300	2,243.35	(1,855,369)	(1,209.14)	1,586,931	1,034.20
Balances at 1st April 2018	3,442,300	2,380.35	(1,855,369)	(1,282.99)	1,586,931	1,097.36
Loss for the year	-	-	(18,138)	(12.54)	(18,138)	(12.54)
Balances as at 31st March 2019	**3,442,300**	**2,380.35**	**(1,873,507)**	**(1,295.53)**	**1,568,793**	**1,084.82**

Statement of Cash Flows for the year ended 31 March 2019

PARTICULARS	2019		2018	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
(Loss)/Profit for the year	**(18,138)**	**(12.54)**	291,618	190.05
Adjustment for:				
Dividend receivable	**-**	**-**	(315,247)	(205.45)
Increase in receivables and prepayments	**(31)**	**(0.02)**	(599)	(0.39)
Decrease in accounts payables	**(8,143)**	**(5.63)**	(4,225)	(2.75)
Net cash from operating activities	**(26,312)**	**(18.19)**	(28,453)	(18.54)
Cash flows from investing activities				
Dividend received	**315,247**	**217.99**	-	-
Investment in subsidiary	**(41,322)**	**(28.57)**	-	-
Net cash outflow from investing activities	**273,925**	**189.42**	-	-
Net Increase/(Decrease) in cash and cash equivalents	**247,613**	**171.22**	(28,453)	(18.54)
Cash and cash equivalents at beginning of the year	**587,423**	**406.20**	615,876	401.37
Cash and cash equivalents at end of year	**835,036**	**577.43**	587,423	382.82
Cash and cash equivalents made up of:				
Cash in hand	**67**	**0.05**	67	0.04
Bank balance	**834,969**	**577.38**	587,356	382.78
	835,036	**577.43**	587,423	382.82

NOTES OF THE FINANCIAL STATEMENTS FOR THE YEAR FROM 31 MARCH 2019

Corporate information

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 8th Floor Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius.

1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Mauritius Companies Act 2001.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the Company's functional currency.

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for the period beginning on 05 October 2017

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the first time for the financial period beginning on 05 October 2017

IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers

Management has assessed the impact of these new and revised standards and interpretation and concluded that only IFRS 9, Financial Instruments (2014) and IFRS 15, Revenue from Contracts with Customers are applicable to the Company, as detailed below.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related interpretations.

The Company's accounting policy on revenue is detailed in Note 3.12 to these financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement".

It introduces new requirements for:

(i) the classification and measurement of financial assets and financial liabilities;

(ii) impairment of financial assets; and

(iii) general hedge accounting.

The Company's financial instruments comprise of trade and other receivables, cash and cash equivalents, loans from related parties, and trade and other payables and these financial instruments are measured at amortised cost.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company.

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and one interpretation have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as applicable to the Company's activity, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments to existing standards and interpretation is provided below.

IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 16	Leases
IFRIC 23	Uncertainty Over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRS 17	Insurance Contracts
IAS 19	Plan Amendment, Curtail and Settlement (Amendments to IAS 19)
IFRS 3	Definition of a Business (Amendments to IFRS 3)

Management has yet to assess the impact of the above standards, amendments and interpretation on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Plant and equipment

All plant and equipment are initially recorded at cost less accumulated depreciation.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and maintenance are expensed in the period in which they are incurred.

3.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. The Company has an inventory management in place overseeing and controlling the inventory movement and also the storage of its products. Where necessary, provision is made for obsolete and slow moving inventories.

3.4 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit and loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

In the current period, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance cost or other financial items, except for impairment of receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most of its receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include mainly trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Impairment of financial assets

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

The Company writes off a financial asset when there is information indicating that the debtor is in severe difficulty and there is no realistic prospect of recovery. Receivables or other financial assets written off are still subject to recovery procedures based on legal advices.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and loans from related parties.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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.

3.5 Foreign currency

Functional and presentation currency

The financial statements are presented in US Dollars "USD", which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Trade receivables

Trade receivables are in respect of products sold in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

3.8 Trade payables

Trade payables are in respect of services provided and products acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3.9 Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.10 Equity

Stated capital is determined using the nominal value of shares that have been issued.

Loss for the period consists of the current period results as disclosed in the statement of comprehensive income.

3.11 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax, and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised to the extent that it is probables that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operation results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deffered tax liabilities are generally recognised in full.

3.12 Revenue recognition

Revenue is recognised upon declaration of dividend by its subsidiaries. For this Financial year no distribution has been declared/made available by the subsidiaries.

3.13 Set up costs

Set up costs are expensed in the period in which they are incurred.

3.14 Expense recognition

All expenses are accounted for on an accrual basis.

3.15 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.16 Provisions

Provisions are 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at reporting date are reviewed in detail and a provision is made where necessary.

3.17 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

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 3.5, the directors have made the following judgements that have the most significant effect on the amounts recognized in the financial statements: -

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 3.5, 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 2019	31 March 2018
	USD	USD
(Loss)/Profit before tax	(18,138)	300,637
	(18,138)	300,637
Tax at 15%	-	45,095
Foreign Tax Credit	-	(36,076)
Tax expenses	-	9,019

6. Investment in subsidiaries

	31 March 2019	31 March 2018
	USD	**USD**
Investment at start	696,023	696,023
Additions during the year	41,322	-
Investment at end	737,345	696,023

Investee Companies	% Holding	Country of incorporation	2018 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

Investee Companies	% Holding	Country of incorporation	2019 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	0.004%	INDONESIA	773	-	773	773
Thermax Nigeria Ltd	99.9996%	NIGERIA	41,322	-	41,322	41,322
			737,345	-	737,345	737,345

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 2019.

7. Cash and Cash Equivalent

	31 March 2019	31 March 2018
	USD	USD
Cash in hand	67	67
Bank	834,969	587,356
	835,036	587,423

8. Stated Capital

	31 March 2019	31 March 2018
	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. Trade and other payables

	31 March 2019	31 March 2018
	USD	USD
Accruals	5,675	4,800

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 2019	Financial liabilities 2019	Financial assets 2018	Financial liabilities 2018
	USD	USD	USD	USD
Senegal XOF	195,250	-	510,497	-
Indonesian Rupiah	773	-	773	-
United States Dollars	1,335,511	5,675	1,087,898	4,800
Nigeria Naira	41,322	-	-	-
	1,572,856	5,675	1,599,168	4,800

(c) Financial risks

(i) Foreign currency risk

The Company invest in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the company's assets which are denominated in those currencies.

(ii) Credit risk

Financial assets that potentially expose the Company to credit risk consist principally of loans receivables and cash and cash equivalents. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

(iii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities.

Liabilities	31 March 2019		
Accruals	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	5,675	-	5,675

Liabilities	31 March 2018		
Accruals	Less than 1 year	Over 1 year	Total
	USD	USD	USD
Accruals	4,800	-	4,800

(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 2019 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 2019, hence does not have any capital risk.

11. Ultimate holding company

Holding company: Thermax Limited (India).
Ultimate holding company: RDA Holdings Private Limited.

12. Event after reporting date

There has been no material event after reporting date, which would require disclosure or adjustment to the year ended 31 March 2019 financial statements.

THERMAX INC.

Board of Directors	***Registered Office***	***Auditors***
Mr. B. Venkatesh Mr. Dinesh Mandhana Mr. Amitabha Mukhopadhayay Mr. Shailesh Nadkarni	16200, Park Row, Suite 190 Houston, Texas 77084	Plante & Moran, PLLC 27400 Northwestern Highway PO Box 307 Southfiled MI 48037 - 0307

Independent Auditor's Report

To the Board of Directors Thermax Inc.

We have audited the accompanying financial statements of Thermax Inc., which comprise the balance sheet as of March 31, 2019 and 2018 and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thermax Inc. as of March 31, 2019 and 2018 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.

May 2, 2019

Balance Sheets March 31, 2019 and 2018

	2019		2018	
ASSETS	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT ASSETS				
Cash And Cash Equivalents	**3,961,933**	**2,739.68**	3,748,478	2,442.88
Accounts Receivable				
Trade accounts receivable	**2,870,751**	**1,985.12**	1,791,642	1,167.61
Trade receivable from related parties (Note 5)	**371,776**	**257.08**	250,798	163.45
Inventory (Note 3)	**2,709,581**	**1,873.68**	2,173,584	1,416.52
Other Current Assets:				
Refundable Tax	**74,626**	**51.60**	161,685	105.37
Deferred Tax Assets (Note 9)	**128,000**	**88.51**	112,000	72.99
Other Current Assets	**82,633**	**57.14**	66,792	43.53
Total Current Assets	**10,199,300**	**7,052.82**	8,308,979	5,414.96
Property And Equipment, Net (Note 4)	**50,096**	**34.64**	21,258	13.85
Total Assets	**10,249,396**	**7,087.46**	8,326,237	5,426.21

See notes to financial statements

	2019		2018	
LIABILITIES AND STOCKHOLDER'S EQUITY	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**242,799**	**167.90**	122,135	79.60
Trade payables to related parties (Note 5)	**2,265,177**	**1,566.37**	1,908,117	1,243.52
Accrued and other current liabilities:				
Provision for warranty and start-up costs (Note 7)	**171,850**	**118.83**	204,500	133.27
Customer Deposits and advances	**316,492**	**218.85**	201,188	131.11
Other Current Liabilities	**321,200**	**222.11**	339,636	221.34
Total Current Liabilities	**3,317,518**	**2,294.06**	2,775,576	1,808.84
Deferred Tax Liabilities (Note 9)				
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**500,000.00**	**345.75**	500,000	325.85
Retained Earnings	**6,431,878**	**4,447.64**	5,050,661	3,291.52
Total Stockholder's Equity	**6,931,878**	**4,793.39**	5,550,661	3,617.37
Total Liabilities And Stockholder's Equity	**10,249,396**	**7,087.46**	8,326,237	5,426.21

Statement of Operations for the years ended March 31, 2019 and 2018

	2019		2018	
	USD	**Rs Lacs**	USD	Rs Lacs
Revenue				
Operating Revenues	**18,354,438**	**12,692.09**	16,542,429	10,780.70
Other Revenues	**229,641**	**158.80**	104,967	68.41
Total Revenue	**18,584,079**	**12,850.89**	16,647,396	10,849.11
Costs of Revenue -Production	**14,304,297**	**9,891.42**	13,099,517	8,536.96
Gross Profit	**4,279,782**	**2,959.47**	3,547,879	2,312.15
Selling General and Administrative Expenses	**2,465,317**	**1,704.77**	2,216,212	1,444.31
Income- Before income taxes	**1,814,465**	**1,254.70**	1,331,667	867.85
Income Tax Expense (Note 9)	**433,248**	**299.59**	502,329	327.37
Net Income	**1,381,217**	**955.11**	829,338	540.48

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15

Exchange Rate : as at 31 March 2018 is 1 US $ = Rs 65.17

See notes to financial statements

Statement of Cash flows for the years ended March 31, 2019 and 2018

Particulars	**2019**		2018	
	USD	**Rs Lacs**	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**1,381,217**	**955.11**	829,338	540.48
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**8,460**	**5.85**	7,145	4.66
Loss on disposal of assets	**-**	**-**	-	-
Bad debt expense	**37,847**	**26.17**	9,250	6.03
Deferred Taxes	**(16,000)**	**(11.06)**	62,000	40.41
Changes in operating assets and liabilities that (used) provided Cash & Cash equivalents				
Accounts receivable	**(1,116,956)**	**(772.38)**	478,936	312.12
Accounts receivable - Related parties	**(120,978)**	**(83.66)**	318,590	207.63
Inventory	**(551,504)**	**(381.37)**	175,921	114.65
Other Assets	**86,725**	**59.97**	(112,812)	(73.52)
Accounts payable	**120,664**	**83.44**	(41,515)	(27.06)
Accounts payable- Related Parties	**357,060**	**246.91**	319,194	208.02
Advances and accrued liabilities	**115,304**	**79.73**	88,342	57.57
Provision for warranty and start-up costs	**(32,650)**	**(22.58)**	8,000	5.21
Other liabilities	**(18,436)**	**(12.75)**	29,737	19.38
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**250,753**	**173.40**	2,172,126	1,415.57
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(37,298)**	**(25.79)**	(5,810)	(3.79)
NET INCREASE IN CASH & CASH EQUIVALENTS	**213,455**	**147.60**	2,166,316	1,411.79
Cash & cash Equivalents - Beginning of year	**3,748,478**	**2,592.07**	1,582,162	1,031.08
Cash & cash Equivalents - End of year	**3,961,933**	**2,739.68**	3,748,478	2,442.87
Supplemental Cash Flow Information - Cash paid for Income Taxes	**374,530**	**258.99**	538,259	350.78

See notes to financial statements

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15

Exchange Rate : as at 31 March 2018 is 1 US $ = Rs 65.17

Statement of Stockholder's Equity Year ended March 31,2019 and 2018

Particulars	**Common Stock**		**Retained Earnings**		**Total**	
	USD	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Balance - April 1, 2017	500,000	345.75	4,221,323	2,919.04	4,721,323	3,264.79
Net Income	-	-	829,338	573.49	829,338	573.49
Balance - March 31, 2018	500,000	345.75	5,050,661	3,492.53	5,550,661	3,838.28
Net Income	-	-	1,381,217	955.11	1,381,217	955.11
Balance - March 31, 2019	500,000	345.75	6,431,878	4,447.64	6,931,878	4,793.39

THERMAX INC.

Notes to Financial Statements

March 31, 2019 and 2018

Note 1 - Nature of Business

Thermax Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments - chemical and energy. The chemical 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 $316,492 and $201,188 as of March 31, 2019 and 2018, respectively.

Credit Risk and Major Customers

The Company's energy business segment includes sales to a single customer of $1,413,699 and $3,258,323 during the years ended March 31, 2019 and 2018, respectively. Accounts receivable from this customer totaled $14,614 and $72,900 at March 31, 2019 and 2018, respectively.

The Company's chemical business segment includes sales to a single customer of $3,562,009 and $3,152,468 for the years ended March 31, 2019 and 2018, respectively. Accounts receivable from this customer totaled $705,089 and $649,572 at March 31, 2019 and 2018, respectively. The chemical business segment also includes sales to another single customer of $3,212,772 and $3,920,592 for the years ended March 31, 2019 and 2018, respectively. Accounts receivable from this customer totaled $0 at both March 31, 2019 and 2018.

Advertising Expense

Advertising expense is charged to income during the year in which it is incurred. Advertising and promotion expenses for the years ended March 31, 2019 and 2018 were $21,737 and $32,167, 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 $66,250 and $28,403 at March 31, 2019 and 2018, respectively.

Inventory

Inventory consists of product purchased primarily from Thermax Ltd. and is valued at the lower of cost or net realizable value (NRV), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal, and transportation. Inventory cost is determined using the average cost method. The cost of inventory includes the purchase price of the products, expenses incurred on freight, customs duty where applicable, and other incidental expenses.

Property and Equipment

Property and equipment are recorded at cost. The straight-line 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	7
Office equipment	5
Leasehold improvements	7

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.

Shipping and Handling Costs

Shipping and handling costs are generally capitalized to inventory for the inbound costs of the Company's purchases and recorded as costs of sales for the outbound costs of the Company's sales as they are incurred.

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 May 2, 2019, which is the date the financial statements were available to be issued.

Change in Accounting Principle

As of April 1, 2018, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities, and related valuation allowances are reported as noncurrent. Previously, deferred tax balances were classified as current or noncurrent based on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss or credit carryforwards, based on when the item was expected to reverse. The Company has elected to retrospectively apply the new guidance, and deferred tax balances reported in the March 31, 2018 balance sheet have been restated by presenting $116,000 of noncurrent deferred tax assets. Previously, this amount was presented as current deferred tax assets.

Upcoming Accounting Pronouncements

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 using one of two retrospective application methods. The Company has not yet determined which application method it will use.

The 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-to-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 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Company is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Company's financial statements as a result of the Company's operating leases, as disclosed in Note 6, that will be reported on the balance sheet at adoption. Upon adoption, the Company will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Note 3 - Inventory

Inventory, net of reserves, at March 31, 2019 and 2018 consists of the following:

		2019		2018
Traded goods - Ion exchange resins and spare parts	$	**625,052**	$	665,970
Goods in transit - Ion exchange resins		**1,009,829**		845,871
Goods in transit - Chillers and spare parts		**1,074,700**		661,743
Total inventory	$	**2,709,581**	$	2,173,584

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. At March 31, 2019 and 2018, net inventory valued at $625,052 and $665,970, respectively, was located at outside warehouses.

At March 31, 2019 and 2018, the Company maintained a reserve for inventory obsolescence of $72,388 and $60,493, respectively.

Note 4 - Property and Equipment

Property and equipment at March 31, 2019 and 2018 are summarized as follows:

		2019		2018
Office equipment	$	**45,226**	$	46,594
Furniture and fixtures		**35,045**		11,130
Leasehold improvements		**9,379**		5,794
Total cost		**89,650**		63,518
Accumulated depreciation		**39,554**		42,260
Net property and equipment	$	**50,096**	$	21,258

Depreciation expense was $8,460 and $7,145 for the years ended March 31, 2019 and 2018 respectively.

Note 5 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Accounts Receivable

At March 31, 2019 and 2018, the Company had accounts receivable from related parties totaling $371,776 and $250,798, respectively, related to expenses paid by the Company on behalf of the related parties.

Accounts Payable

At March 31, 2019 and 2018, the Company had accounts payable to related parties totaling $2,265,177 and $1,908,117, respectively.

Purchases

For the years ended March 31, 2019 and 2018, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $13,389,267 and $11,122,801, 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, 2019 and 2018 was $79,310 and $83,184, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending March 31		Amount
2020	$	81,568
2021		65,407
2022		64,632
2023		41,774
Total	$	253,381

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 $166,850 and $197,500 at March 31, 2019 and 2018, respectively, for estimated chiller start-up costs. In addition, the Company has accrued $5,000 and $7,000 at March 31, 2019 and 2018, respectively, for estimated future warranty claims.

Note 8 - Line of Credit

Effective October 12, 2017, Company extended the line of credit to mature on October 31, 2018. On October 25, 2018, the Company extended the line of credit to mature on October 31, 2019. At March 31, 2019, advances under the revolving credit line bear interest at a rate of 3.00 percent above LIBOR (an effective rate of 5.49 percent at March 31, 2019) or the prime rate plus 0.25 percent (an effective rate of 5.75 percent at March 31, 2019). 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, 2019 and 2018.

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:

		2019		2018
Current income tax expense	$	**449,248**	$	440,329
Deferred income tax (recovery) expense		**(16,000)**		62,000
Total income tax expense	$	**433,248**	$	502,329

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:

		2019		2018
Income tax expense - Computed at 21 percent of pretax income	$	**381,038**	$	401,622
State income taxes - Net of federal tax benefit		**43,079**		19,569
Nondeductible expenses and adjustments to prior year estimate - Net		**9,131**		12,205
Effect of the federal tax rate change		**-**		68,933
Total income tax expense	$	**433,248**	$	502,329

The details of the net deferred tax asset are as follows:

		2019		2018
Deferred tax assets:				
Warranty reserve	$	**1,000**	$	1,500
Inventory reserve		**18,000**		12,700
Section 263A		**6,000**		4,900
Accrued bonuses		**12,000**		8,400
Other		**101,000**		88,500
Gross deferred tax assets		**138,000**		116,000
Deferred tax liabilities - Depreciation		**10,000**		4,000
Net deferred tax asset	$	**128,000**	$	112,000

No valuation allowance has been recognized for the deferred tax assets.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. The Act changes existing U.S. tax law and includes provisions that impact the Company. Specifically, effective January 1, 2018, the U.S. federal tax rate decreased from 34 to 21 percent. The reduction of corporate tax rates decreased the valuation of deferred tax assets and deferred tax liabilities by $71,559 and $2,626, respectively, at December 31, 2017. The change is included in income tax expense during the year ended March 31, 2018.

The Company files income tax returns in U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2015. There are no pending or ongoing tax examinations.

Note 10 - Segment Information

The Company has two reportable segments - (1) chemical and (2) energy.

The chemical 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, 2019 and 2018, the allocation was 77 percent and 72 percent to the chemical segment and 23 and 28 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, 2019 and 2018:

		2019		2018
Chemical Segment				
Revenue from external customers	$	**14,121,033**	$	11,845,424
Other revenue		**221,711**		94,329
Segment pretax profit		**1,917,726**		1,426,481
Segment assets		**3,522,382**		2,786,662
Segment liabilities		**1,406,717**		1,063,826
Energy Segment				
Revenue from external customers		**4,233,405**		4,697,005
Other revenue		**7,930**		10,638
Segment pretax loss		**(103,261)**		(94,814)
Segment assets		**2,474,656**		1,474,096
Segment liabilities		**1,855,519**		1,667,057

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2019 and 2018:

		2019		2018
Revenue by Country				
United States	$	**15,963,234**	$	11,538,279
South America		**-**		232,932
Canada		**280,725**		509,421
Other		**2,340,120**		4,366,764
Total revenue	$	**18,584,079**	$	16,647,396
Assets				
Total assets for reportable segments	$	**5,997,038**	$	4,260,758
Unallocated amounts		**4,252,358**		4,065,479
Total assets	$	**10,249,396**	$	8,326,237
Liabilities				
Total liabilities for reportable segments	$	**3,262,236**	$	2,730,883
Unallocated amounts		**55,282**		44,693
Total liabilities	$	**3,317,518**	$	2,775,576

Revenue is allocated based on the geographic location of the customers.

Revenue from two customers of the chemical segment represents $6,774,781 (36 percent) and $7,073,060 (42 percent) of the Company's total revenue for the years ended March 31, 2019 and 2018, respectively. Revenue from one customer of the energy segment represents $1,413,699 (8 percent) and $3,258,323 (24 percent) of the Company's total revenue for the years ended March 31, 2019 and 2018, 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, 2019 and 2018, the Company made matching contributions totaling $20,378 and $22,254, 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

Mr. B. Venkatesh
Mr. Shailesh Nadkarni

Registered Office

Av. Paulista, 37-04
ander-Edificio Pq
Cultureal Paulista
Sao Paulo, SP. Brazilo

Auditors

KANZK AVALIAÇÕES E
AUDITORIA EIRELI
CNPJ no. 23.429,508/0001-05
CRC- SP 2SP 025.442/O-3
São Paulo, Brazil

Bankers

Banco Citibank S. A.
Banco Real S. A.

AUDITORS' REPORT

To Quotaholders

Thermax do Brasil – Energia e Equipamentos Ltda.

São Paulo - SP

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.**, as of March 31, 2019 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, 2019, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

KANZK AVALIAÇÕES E AUDITORIA EIRELI

CNPJ no. 23.429,508/0001-05

CRC- SP 2SP 025.442/O-3

São Paulo, Brazil

April, 18, 2019

THERMAX DO BRASIL - ENERGIA E EQUIPAMENTOS LTDA.

Statement of Income for the year ended March 31, 2019

PARTICULARS	**2019**		2018	
	BRL	**Rs Lacs**	BRL	Rs Lacs
GROSS INCOME				
Sale of services	**129,709**	**22.86**	94,458	18.62
	129,709	**22.86**	94,458	18.62
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	**(22,580)**	**(3.98)**	(13,188)	(2.60)
Gross profit	**107,129**	**18.88**	81,269	16.02
OPERATING EXPENSES				
General and administrative expenses	**(89,672)**	**(15.80)**	(89,945)	(17.73)
Financial (expenses)/ income	**(2,677)**	**(0.47)**	2,927	0.58
Recover - Representative expenses	**14,912**	**2.63**	-	-
Provision for Bad Debts	-	-	-	-
	(77,437)	**(13.65)**	(87,017)	(17.16)
Net Profit/Loss before Taxes	**29,692**	**5.23**	(5,748)	(1.13)
Revenue/expenses not operational	-	-	-	-
Taxes on income	-	-	-	-
Net Profit/(Loss)	**29,692**	**5.23**	(5,748)	(1.13)

Exchange Rate : As at 31 Mar 19 is 1 BRL = Rs 17.62

Exchange Rate : As at 31 Mar 18 is 1 BRL = Rs 19.72

Balance Sheet Year Ended March 31, 2019

PARTICULARS	**2019**		2018	
	BRL	**Rs Lacs**	BRL	Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**191.59**	1,087,130	214.33
Accumulated losses	**(835,824)**	**(147.30)**	(865,516)	(170.64)
Total Funds Employed	**251,306**	**44.29**	221,614	43.69
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
Current Assets:				
Cash & Banks	**12,183**	**2.15**	57,362	11.31
Trade receivables	**74,321**	**13.10**	61,500	12.12
(-) Provision for doubtful Debts	**(25,284)**	**(4.46)**	(25,284)	(4.98)
Recoverable taxes	**11,743**	**2.07**	11,743	2.32
Account Receivable (Intercompany)	**203,323**	**35.83**	147,817	29.14
(-) Provision for losses	**(10,941)**	**(1.93)**	(10,941)	(2.16)
	265,345	**46.76**	242,197	47.75
Less : Current Liabilities & Provisions :				
Accounts payable	-	-	-	-
Taxes payable	**17,004**	**3.00**	15,089	2.97
Other accounts payable	**6,963**	**1.23**	15,422	3.04
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(1.75)**	(9,928)	(1.96)
	14,039	**2.47**	20,583	4.06
Net Current Assets	**251,306**	**44.29**	221,614	43.69
Total Funds Applied	**251,306**	**44.29**	221,614	43.69

Statement of Changes in Quotaholders' Equity
Year Ended March 31, 2019

	Capital		Accumulated losses		Total	
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Balances at April 1, 2018	1,087,130	191.59	(865,516)	(152.53)	221,614	39.06
Funds allocated to capital increase	-	-	-	-	-	-
Net Profit/ (Loss) for the period	-	-	29,692	5.23	29,692	5.23
Balances at March 31, 2019	1,087,130	191.59	(835,824)	(147.30)	251,306	44.29

Statement of Changes in Financial Position
Year ended March 31, 2019

	2019		2018	
Sources	**BRL**	**Rs Lacs**	BRL	Rs Lacs
From Operations				
Net Profit/(loss) for the period	**29,692**	**5.23**	(5,748)	(1.13)
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	-	-
Advance to Capital	-	-	-	-
Total sources	**29,692**	**5.23**	(5,748)	(1.13)
Applications	-	-	-	-
Reduction in net working capital	**29,692**	**5.23**	(5,748)	(1.13)

Statement of variation in net working capital

	March 31		March 31		Variation	
	2019	**2019**	2018	2018	2018	2018
	BRL	**Rs Lacs**	BRL	Rs Lacs	BRL	Rs Lacs
Current Assets	**265,345**	**46.76**	242,197	42.68	23,148	4.08
Current Liabilities	**14,039**	**2.47**	20,583	3.63	6,543	1.15
Net working capital	**251,306**	**44.29**	221,614	39.06	29,692	5.23

Notes to the Financial Statements
Year Ended March 31, 2019
(Amounts in reais)

1. Operational Context

The Company is a subsidiary of Thermax Ltd which in turn is a subsidiary of RDA Holdings Private Limited, a Company incorporated in India. The Company's business activities mainly consist of rendering services, including technical assistance, which may be provided through hiring outsourced companies.

2. Presentation of the Financial Statements

The financial statements were prepared in accordance with accounting practices emanated from the Brazilian Corporation Law.

3. Summary of the Significant Accounting Policies

a. Revenue and expenses recognition

Income and expenses are recorded on monthly accrual basis.

b. Current and long-term assets

Current and long-term assets are recorded at lower of cost or market value plus accrued income until the end of the period. An allowance is recorded in case the market value is lower than cost.

c . Current and long-term liabilities

Liabilities are recorded at known or estimated amounts.

4. Trade Receivables

Description	2019
Accounts receivable	74.321,22
(-)Provision for Doubtful Debts	(25.283,53)
Net accounts receivable	**49.037,69**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

5. Accounts Receivable - Intercompany

Description	2019
Accounts receivable	203.322,80
Net accounts receivable	**203.322,80**

The amount of R$ 203.322,80 refers to invoices issued to Thermax LTD for the recovery of commercial expenses.

This value was checked with Thermax Ltd. and not present differences

6. Recoverable Taxes

Description	2019
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	2019
PIS	1.968,90
COFINS	9.068,87
ISS – SALES	5.966,36
(-)Reversal – Taxes – Bad Debts	(9.927,66)
Net Taxes and Contributions payable	7.076,47

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	2019
Rent	1.800,00
Reimbursment – Mr.Felipe	3.362,88
Audit Fee	1.800,00
TOTAL	**6.962,88**

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$ 129.708,53 as presented below:

DESCRIPTION	2019
Services Sales	129.708,53
Net sales	**129.708,53**

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$ 22.579,93, as presented below:

DESCRIPTION	2019
ISS - SALES	10.590,26
COFINS – SALES	9.850,30
PIS – SALES	2.139,37
TOTAL	**22.579,93**

12. Operating Expenses

The composition of the "Operating Expenses" account is presented below:

DESCRIPTION	2019
Rents/Condominium	21.600,00
Accounting Outsourcing	38.400,00
Third Part Services	27.872,48
Auditory	1.800,00
Total	**89.672,48**

13. Financial (expenses) income

The balance of the Financial (expenses) income and exchange variation income account is presented below:

DESCRIPTION	2019
Bank Expenses	(3.557,52)
Finance Income	880,98
Total	**(2.676,54)**

14 . Identified Contingencies

There are no identified tax and accounting contingencies for the year ended on March 31, 2019 (Previous Year Nil).

KANZK AVALIAÇAO E AUDITORIA EIRELI
CNPJ no. 23.429,508/0001-05
CRC- SP 2SP 025.442/O-3
São Paulo, Brazil
April, 18, 2019

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Supervisor

H.P Mohgaonkar

Registered Office

No. 645,
Chayuan Road,
Jiaxing Economic Development Zone,
Jiaxing, Zhejiang, PRC.
Post 314003

Auditors

Zhejiang Zhong Ming Certified Public
Accountants Co. Ltd.
Jiaxing, China

Executive Directors

Mr. V. Balasubramanian

General Manager

Mr. Dinesh Badgandi

Bankers

Industrial and Commercial Bank of China
Citi Bank, China

AUDITORS' REPORT

ZZKS[2019]NO.1328

TO

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

I. Audit opinion

We have audited the accompanying financial statements of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (herein after referred as "the Company"), which comprise the balance sheet as of 31 December 2018, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position of the Company as of 31 December 2018 and the results of its operations and its cash flows for the year then ended.

II. Basis of opinion

We conducted our audit in accordance with Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in jurisdiction, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statement, which indicated that the Company has accumulated losses of RMB93.38million and, as of that date, the Company's current liabilities exceeds its current assets of RMB17.71million. As stated in Note 11, these events or situation, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

V. Responsibility of auditors

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with audit standard will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with audit standard, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

   We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ZHEJIANG ZHONGMING, Certified Public Accountants CO., LTD
Certified Public Accountant: Li Aizhong
Certified Public Accountant: Luo Bin

Jiaxing, China
Date: February 24, 2019

Balance Sheet as at 31 December, 2018

PARTICULARS	2018		2017	
	RMB	Rs Lacs	RMB	Rs Lacs
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	**7,760,081**	**784.41**	3,711,367	364.06
Bill receivable	-	-	-	-
Accounts receivable	**13,225,831**	**1,336.91**	21,633,025	2,122.07
Other receivables	**141,707**	**14.32**	858,808	84.24
Advance to suppliers	**629,264**	**63.61**	1,769,044	173.53
Inventories	**5,270,747**	**532.78**	14,380,645	1,410.65
Prepaid expenses - Other Current Assets	**180,141**	**18.21**	1,126,112	110.46
Allowance receivable	-	-	-	-
TOTAL CURRENT ASSETS	**27,207,770**	2,750.24	43,479,001	4,265.03
NON-CURRENT ASSETS				
Fixed Assets - cost	**60,870,603**	**6,152.98**	60,733,675	5,957.61
Less: Accumulated depreciation	**39,934,375**	**4,036.69**	37,051,793	3,634.56
Fixed Assets - Net book value	**20,936,228**	**2,116.30**	23,681,881	2,323.05
Intangible assets	**5,343,994**	**540.19**	5,492,154	538.75
Long-term deferred and prepaid expenses	-	-	-	-
TOTAL NON-CURRENT ASSETS	**26,280,222**	**2,656.48**	29,174,035	2,861.80
TOTAL ASSETS	**53,487,992**	**5,406.73**	72,653,036	7,126.83
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	**19,056,532**	**1,926.29**	16,237,419	1,592.79
Accounts payable	**14,225,113**	**1,437.92**	25,596,384	2,510.85
Advances from customers	**1,394,271**	**140.94**	3,984,875	390.89
Accrued Payroll	**316,193**	**31.96**	646,334	63.40
Taxes payable	**19,032**	**1.92**	298,568	29.29
Other amounts payables	**363,608**	**36.75**	462,205	45.34
Accrued expenses	**9,542,273**	**964.56**	15,954,731	1,565.06
TOTAL CURRENT LIABILITIES	**44,917,023**	**4,540.35**	63,180,518	6,197.63
OWNER'S EQUITY				
Paid in capital	**101,948,817**	**10,305.29**	95,039,017	9,322.76
Accumulated losses	**(93,377,848)**	**(9,438.91)**	(85,566,499)	(8,393.56)
TOTAL OWNER'S EQUITY	**8,570,969**	**866.38**	9,472,519	929.20
TOTAL LIABILITIES AND OWNER'S EQUITY	**53,487,992**	**5,406.73**	72,653,036	7,126.83

Statement of changes in Equity for the year ended 31 December, 2018

	Share Capital		Accumulated Losses		Total	
	2018	2018	2018	2018	2018	2018
	RMB	Rs Lacs	RMB	Rs Lacs	RMB	Rs Lacs
Balances at 1 January 2018	95,039,017	9,606.83	(85,566,499)	(8,649.32)	9,472,519	957.51
Profit for the current period	-	-	(7,811,349)	(789.59)	(7,811,349)	78.59
Contribution by owners	6,909,800	698.46	-	-	-	-
Balances at 31 December 2018	101,948,817	10,305.29	(93,377,849)	(9,438.91)	8,570,968	866.38

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Income Statement for the year ended 31 December, 2018

PARTICULARS	2018		2017	
	RMB	Rs Lacs	RMB	Rs Lacs
Revenue from main operations	**47,520,234**	**4,803.49**	65,247,622	6,400.40
Revenue from other operations	**2,902,087**	**293.35**	3,002,256	294.50
Less : Cost of main operations	**43,159,216**	**4,362.66**	55,471,574	5,441.43
Cost of other operations	**745,043**	**75.31**	1,341,807	131.62
Taxes and surcharge	**215,769**	**21.81**	1,283,451	125.90
Operation expenses	**3,084,279**	**311.77**	10,779,036	1,057.36
General and administrative expenses	**10,290,502**	**1,040.19**	9,718,693	953.35
Financial expenses	883,744	89.33	492,700	48.33
Loss from Operations	**(7,956,232)**	**(804.24)**	(10,837,382)	(1,063.08)
Add: Revenue from subsidies	**12,733**	**1.29**	33,128	3.25
Non-operating revenue	**136,095**	**13.76**	52,224	5.12
Less: Non-operating expenses	**3,946**	**0.40**	6,621	0.65
Loss before tax	**(7,811,349)**	**(789.59)**	(10,758,652)	(1,055.36)
Income tax	-	-	-	-
Net loss for the year	**(7,811,349)**	**(789.59)**	(10,758,652)	(1,055.36)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2018 is 1 RMB = Rs 10.11

Exchange rate : as at 31 December 2017 is 1 RMB = Rs 9.81

Cash Flow Statement for the year ended 31 December, 2018

PARTICULARS	2018		2017	
	RMB	Rs Lacs	RMB	Rs Lacs
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	**58,887,909**	**5,952.57**	71,794,225	7,042.58
Refund of taxes	**2,299,813**	**232.47**	4,185,753	410.60
Other cash received relating to operating activities	**880,670**	**89.02**	72,560	7.12
Cash paid for goods & services	**(41,303,845)**	**(4,175.12)**	(48,604,162)	(4,767.78)
Cash paid to & on behalf of employees	**(14,667,268)**	**(1,482.61)**	(14,984,961)	(1,469.93)
Other cash paid relating to operating activities	**(8,663,849)**	**(875.77)**	(8,163,172)	(800.76)
Net cash used in operating activities	**(2,566,571)**	**(259.44)**	4,300,243	421.83
Less : Payment of all types of taxes	**1,876,551**	**189.69**	1,362,467	133.65
Net cash used in operating activities	**(4,443,122)**	**(449.12)**	2,937,777	288.18
Cash Flows from Investing activities				
Net cash received from disposal of Fixed Assets, Intangible Assets and other long term assets	-	-		-
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	**(186,927)**	**(18.90)**	(136,953)	(13.43)
Net cash used in investing activities	**(186,927)**	**(18.90)**	(136,953)	(13.43)
Cash Flows from Financing activities				
Cash Received from investors	**6,909,800**	**698.46**	-	-
Cash Received from borrowings	**99,893,821**	**10,097.57**	94,450,604	9,265.04
Repayment of borrowings	**(97,074,708)**	**(9,812.60)**	(95,394,590)	(9,357.64)
Cash paid for distribution of dividends or profits and for interest expenses	**(1,007,422)**	**(101.83)**	(670,566)	(65.78)
Net cash received in financing activities	**8,721,491**	**881.59**	(1,614,552)	(158.38)
Effect of Foreign exchange rate changes on cash and cash equivalents	**(42,729)**	**(4.32)**	367,694	36.07
Net increase/(decrease) in cash at banks and in hand	**4,048,713**	**409.26**	1,553,966	152.43
Cash at banks and in hand at beginning of year	**3,711,367**	**375.16**	2,157,402	211.63
Cash at banks and in hand at end of year	**7,760,081**	**784.41**	3,711,368	364.06

Supplemental Information to the Cash Flow Statement for the year ended 31 December, 2018

PARTICULARS	2018		2017	
	RMB	**Rs Lacs**	RMB	Rs Lacs
1. Reconciliation of net profit to cash flows from operating activities				
Net Profit	**(7,811,349)**	**(789.59)**	(10,758,652)	(1,055.36)
Add: Impairment losses on assets	**2,959,020**	**299.11**	-	-
Depreciation of fixed assets	**2,928,635**	**296.04**	3,819,802	374.70
Amortization of intangible assets	**148,160**	**14.98**	171,032	16.78
Amortization of long-term deferred expenses		**-**	-	-
Decrease in prepaid expenses	**93,989**	**9.50**	115,308	11.31
Increase in accrued expenses	**(6,374,905)**	**(644.39)**	4,082,314	400.45
Net loss on disposal of fixed assets		**-**	-	-
Loss on retirement of fixed assets	**3,946**	**0.40**	3,505	0.34
Financial expenses	**1,012,598**	**102.36**	325,923	31.97
Decrease in inventories	**8,398,755**	**848.97**	(2,186,348)	(214.47)
Decrease in operating receivables	**8,016,198**	**810.30**	217,340	21.32
Increase in operating payables	**(13,818,168)**	**(1,396.78)**	7,147,551	701.13
Net cash flow operating activities	**(4,443,122)**	**(449.12)**	2,937,777	288.18
2. Net change in cash equivalents				
Cash balance at the end of this year	**7,760,081**	**784.41**	3,711,367	364.06
Less: Cash balance at the beginning of the year	**3,711,367**	**375.16**	2,157,401	211.63
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	**4,048,713**	**409.26**	1,553,966	152.43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended Dec.31, 2018

(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.According to the Shareholders' agreement signed on 8 August 2018,the registered capital increased from USD13.47 million to USD14.47 million. The company has registered the alteration with the administrative department for industry and commerce on September 7, 2018, and received the capital of USD1million on October 18, 2018.

2. Basis for preparation of financial statement

As of December 31,2018, the Company has accumulated losses of RMB93.38million and, as of that date, the Company's current liabilities exceeds its current assets of RMB17.71million. The main business revenue decrease by RMB17.73million compared with the same period last year. The company consider the net cash flow generated from operating profit and the financial support committed by the parent company for the continued operation The management of the company is confident that it will continue to operate within twelve months after December 31, 2018. The company therefore continues to prepare the financial statements on the basis going concern.

3. Significant accounting policies accounting estimates

3.1. 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.

3.2. Accounting period

The Company adopts the calendar year as its accounting year, i.e. from January 1 to December 31.

3.3. Reporting currency

The recording currency of the Company is RMB.

3.4. 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.

3.5. 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.

3.6. 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.

3.7. 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.

3.8. 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.

3.9. 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.

3.10. 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.

3.11. 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.

3.12. 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.

3.13. 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.

3.14. Accounting for income tax

Income tax is recognized under the tax payable method.

4. TAXATION

4.1 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%.

4.2 Enterprise Income Tax

The statutory rate of corporate income tax applicable to the Company is 25%.

5. Profit distribution

No profit distribution for this year.

6. MAIN ITEMS OF THE FINANCIAL STATEMENTS

6.1. Cash and equivalents

Items	2018-12-31			2017-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			22,412.51			33,771.64
RMB			19,427.02	24,297.05		24,297.05
USD	435.00	6.8632	2,985.49	1,450.00	6.5342	9,474.59
AUD						
Cash in bank			7,737,668.08			3,677,595.73
RMB			5,454,577.92	3,674,305.18		3,674,305.18
USD	331,383.16	6.8632	2,274,348.90	499.31	6.5342	3,262.59
EUR	1,113.63	7.8473	8,738.99			
AUD	0.47	4.8250	2.27	5.49	5.0928	27.96
Total			7,760,080.59			3,711,367.37

6.2. Accounts receivable

6.2.1 Age analysis

Account Age	**2018-12-31**			2017-12-31		
	amount	**%**	**Bad debt provision**	amount	%	Bad debt provision
Within 1 year	**10,334,075.83**	**46.85**		15,097,443.37	53.50	
1-2years	**1,569,300.00**	**7.11**	**57,000.00**	3,168,044.27	11.23	393,960.00
2-3years	**1,731,670.15**	**7.85**	**1,173,210.00**	5,276,000.00	18.70	1,789,450.00
Over 3 years	**8,423,683.89**	**38.19**	**7,602,689.00**	4,676,558.15	16.57	4,401,611.00
Total	**22,058,729.87**	**100.00**	**8,832,899.00**	28,218,045.79	100.00	6,585,021.00

6.2.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	311,226.86	6.8632	2,136,012.19
EUR	9,350.0	5.0062	46,807.97

6.3. Other receivable

6.3.1 Age analysis

Account Age	**2018-12-31**			2017-12-31		
	Amount	**%**	**Bad debt provision**	Amount	%	Bad debt provision
Within 1 year	**36,725.99**	**25.92**		654,495.85	76.21	-
1~2years	**70,000.72**	**49.40**		92,592.47	10.78	-
2~3years				22,900.00	2.67	-
Over 3 years	**34,980.00**	**24.68**		88,820.00	10.34	-
Total	**141,706.71**	**100.00**	-	858,808.32	100.00	-

6.4. Accounts in advance

6.4.1 Age analysis

Account Age	**2018-12-31**			2017-12-31		
	Amount	**%**	**Bad debt provision**	Amount	%	Bad debt provision
Within 1 year	**591,113.84**	**93.94**	-	1,719,374.45	97.19	-
1~2years				11,520.00	0.65	
2~3years				38,150.00	2.16	
Over 3 years	**38,150.00**	**6.06**				
Total	**629,263.84**	**100.00**	-	1,769,044.45	100.00	-

6.5. Inventory

	2018-12-31		**2017-12-31**	
Items	**Amount**	**Provision for obsolete stocks**	**Amount**	**Provision for obsolete stocks**
Raw material	**4,772,053.05**	**1,543,520.10**	7,898,983.73	766,228.20
Finished goods	**7,964.88**	**7,964.88**	1,584,484.42	770,903.88
Work-in-progress	**2,882,415.22**	**840,201.25**	6,568,775.07	143,411.94
Materials in transit			8,945.32	
Total	**7,662,433.15**	**2,391,686.23**	16,061,188.54	1,680,544.02

6.6. Other current assets

Items	**2018-12-31**	2017-12-31
Deferred expenses	**135,281.72**	229,270.37
VAT paid	**4,169.37**	896,841.54
Others	**40,690.81**	
Total	**180,141.90**	1,126,111.91

6.7. Fixed assets and accumulated depreciation

Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
I Original value	**60,733,674.87**	**186,926.93**	**49,999.16**	**60,870,602.64**
Plant and buildings	33,303,687.15			33,303,687.15
Machinery	25,118,320.44	134,407.25		25,252,727.69
Electronic equipment	444,411.18	39,230.94	49,999.16	433,642.96
Office equipment	496,514.45			496,514.45
Furniture and others	1,370,741.65	13,288.74		1,384,030.39
II Accumulated depreciation	**37,051,793.45**	**2,928,634.64**	**46,053.10**	**39,934,374.99**
Plant and buildings	14,226,942.82	1,498,934.82		15,725,877.64
Machinery	20,900,449.02	1,370,284.52		22,270,733.54
Electronic equipment	347,544.31	32,301.34	46,053.10	333,792.55
Office equipment	428,551.86	8,471.62		437,023.48
Furniture and others	1,148,305.44	18,642.34		1,166,947.78
III Impairment of fix assets				
Plant and buildings				
Machinery				
Transportation equipment				
Office equipment				
Furniture and others				
IV Net value of fixed assets	**23,681,881.42**			**20,936,227.65**
Plant and buildings	19,076,744.33			17,577,809.51
Machinery	4,217,871.42			2,981,994.15
Electronic equipment	96,866.87			99,850.41
Office equipment	67,962.59			59,490.97
Furniture and others	222,436.21			217,082.61

6.8. Intangible assets

Items	Bal. B/Y	Increase in this year	decrease in this year	Bal. E/Y
Land use right	5,459,213.75		139,088.28	5,320,125.47
3D design software	32,939.96		9,071.43	23,868.53
Total	5,492,153.71		148,159.71	5,343,994.00

6.9. Short-term loans

Bank Name	2018-12-31	2017-12-31
Citibank (china)	**19,056,532.27**	16,237,419.12
Total	**19,056,532.27**	16,237,419.12

Note: As of 31 December 2018, the bank loan borrowed from Citibank (china) Co., Ltd. ShangHai Branch with the amount of RMB19,056,532.27 is guaranteed by Thermax Limited.

6.10. Accounts payable

6.10.1 Age analysis

Account Age	2018-12-31		2017-12-31	
	Amount	**%**	Amount	%
Within 1 year	**13,233,330.66**	**93.03**	25,055,814.15	97.89
1~2years	**620,385.89**	**4.36**	413,115.18	1.61
2~3years	**244,282.74**	**1.72**	17,707.17	0.07
Above 3 years	**127,114.13**	**0.89**	109,747.87	0.43
Total	**14,225,113.42**	**100.00**	25,596,384.37	100.00

6.10.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	225,409.91	6.8632	1,547,033.29
EUR	10,774.30	7.8473	84,549.16
Total	**236,184.21**		**1,631,582.45**

6.11. Deposit received

6.11.1 Age analysis

Account Age	2018-12-31		2017-12-31	
	Amount	**%**	Amount	%
Within 1 year	**1,024,270.96**	**73.46**	3,153,875.49	79.15
1~2years			5,000.00	0.12
2~3years				
Over 3 years	**370,000.00**	**26.54**	826,000.00	20.73
Total	**1,394,270.96**	**100.00**	3,984,875.49	100.00

6.11.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	53,933.40	6.8632	370,155.71
AUD	11,170.00	4.8250	53,895.25
Total	**65,103.40**	**424,050.96**	

6.12. Accrued payroll

Item	2018-12-31	2017-12-31
Payroll for Chinese employee	**316,192.75**	646,334.23
Total	**316,192.75**	646,334.23

6.13. Tax and other fees payable

Item	2018-12-31	2017-12-31
Individual income tax	**16,723.11**	59,621.60
Land use tax		63,444.00
Stamp tax	**2,309.26**	1,077.25
Real estate tax payable		174,425.32
Water conservancy construction fund		
Local education surtax		
urban maintenance and construction tax		
Education surtax		
Total	**19,032.37**	298,568.17

6.14. Other payable

6.14.1Age analysis

Account Age	2018-12-31		2017-12-31	
	Amount	**%**	Amount	%
Within 1 year	**263,330.29**	**72.42**	361,927.36	78.30
1~2 years			100,277.80	21.70
2~3years	**100,277.80**	**27.58**		
Total	**363,608.09**	**100.00**	462,205.16	100.00

6.14.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	924.74	6.8632	6,346.68

6.15. Accrued expenses

Item	2018-12-31	2017-12-31
Water, Electricity, Steam fee	**11,807.21**	45,096.65
Insurance & Freight fee	**95,870.30**	49,174.25
Product warranty fee	**3,092,551.26**	2,817,568.73
Payroll& Bonus	**558,240.00**	1,004,001.65
Agency commission	**1,923,573.50**	2,389,786.14
Staff commission	**1,171,285.00**	1,815,296.17
Material and commissioning expense	**1,346,877.53**	2,520,984.36
Compensation		2,650,000.00
Entertainment expenses	**44,517.00**	168,368.00
Travelling expenses	**146,424.00**	313,431.00
Others	**1,151,127.53**	2,181,024.36
Total	**9,542,273.33**	15,954,731.31

6.16. Paid-in capital

Investor	Registered capital (USD)	Beg. Bal.		End. Bal.	
		USD	RMB Equivalent	USD	RMB Equivalent
Thermax Ltd.	13,470,000.00	13,470,000.00	95,039,017.37	14,470,000.00	101,948,817.37
Total	**-**	**-**	**95,039,017.37**		**101,948,817.37**

6.17. Undistributed profit

Item	Amount
Undistributed profits at beginning of the year	-85,566,498.73
Add : Net profit of this period	-7,811,349.35
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	-93,377,848.08

6.18. Revenue from main operations and cost of main operations

Item	Revenue from main operations		Cost of main operations	
	FY2018	FY2017	FY2018	FY2017
Domestic sales	27,616,209.90	15,034,658.06	22,491,497.04	15,084,041.00
Overseas sales	19,904,024.24	50,212,964.23	20,667,718.79	40,387,532.75
Total	**47,520,234.14**	**65,247,622.29**	**43,159,215.83**	**55,471,573.75**

6.19. Profit from other operations

Item	Revenue from other operations		Cost of other operations	
	FY2018	FY2017	FY2018	FY2017
Spares Materials sales	1,157,568.80	1,645,047.86	611,608.24	1,206,022.39
Scrap Material sales	602,966.76	159,432.53		
Service revenue	1,141,551.14	1,197,775.99	133,435.13	135,784.50
Total	**2,902,086.70**	**3,002,256.38**	**745,043.37**	**1,341,806.89**

6.20. Tax and surcharge

Items	FY2018	FY2017
Stamp tax	**19,392.41**	32,309.56
Land use tax		126,888.00
Building tax	**174,425.30**	348,850.64
Water conservancy construction fund		-38.89
Security for the disabled	**35,278.27**	39,394.05
Operating tax		
Local education surtax	**-3,331.63**	122,674.64
Urban maintenance and construction tax	**-7,773.81**	429,361.27
Education surtax	**-2,221.09**	184,011.97
Total	**215,769.45**	1,283,451.24

6.21. Operation expenses

Items	FY2018	FY2017
Salaries and welfare	**2,059,660.17**	2,903,666.53
Warranty and FOC	**-172,412.39**	4,999,862.21
Business trip	**167,041.07**	483,234.25
Entertainment expenses	**54,011.69**	240,399.23
Consulting fee	**2,083.07**	539,136.92
House Rent	**125,711.66**	205,665.35
Freight and Loading fee	**318,687.25**	177,029.71
Exported fee	**402,342.13**	877,078.52
Office expenses	**5,166.33**	18,794.79
Advertisement	**3,125.00**	1,500.00
Communication fee	**24,843.52**	46,115.25
Depreciation	**5,552.91**	11,100.63
Others	**88466.42**	275,452.92
Total	**3,084,278.83**	10,779,036.31

6.22. General and administrative expenses

Items	FY2018	FY2017
Salaries and welfare	**3,786,136.96**	4,657,338.27
Consulting expenses	**1,089,036.65**	818,660.16
Taxes		
Deprecation	**317,548.03**	369,299.06
Car expenses	**173,735.26**	228,253.62
Maintain expense	**6,832.99**	6,003.85
House rent	**425,393.94**	377,711.91
Travel expenses	**549,205.62**	787,506.51
Amortization	**162,169.16**	171,032.48
Provision for obsolete stocks	**711,142.21**	1,073,090.81
Insurance	**174,850.03**	186,010.67
Communication expenses	**111,057.09**	105,490.08
Office expenses	**103,253.72**	96,385.23
Entertainment expenses	**140,298.44**	153,284.17
Bad debt reserves	**2,247,878.00**	326,481.00
Others	**291963.94**	362,144.89
Total	**10,290,502.04**	9,718,692.71

6.23. Financial expenses

Items	FY2018	FY2017
Interest expense	**969,869.38**	693,616.91
Less: interest income	**14,739.35**	11,644.90
Exchange Loss	**-168,479.55**	-363,205.09
Others	**97,093.02**	173,933.26
Total	**883,743.50**	492,700.18

6.24. Revenue from subsidies

Items	FY2018	FY2017
Government subsidies	**146,743.44**	33,127.87
Total	**146,743.44**	33,127.87

6.25. Non-operating revenue

Items	FY2018	FY2017
Others	2,085.45	52,224.10
Total	2,085.45	52,224.10

6.26. Non-operating expenses

Items	FY2018	FY2017
Disposal of fixed value property loss	3,946.06	3,505.30
Others		3,116.00
Total	3,946.06	6,621.30

7. Related parties and related party transactions

7.1. 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

7.2. Related party transactions

1. Purchases of goods and services

Name of related parties	FY2018	FY2017
Thermax Ltd.	859,974.69	1,584,640.81
PT THERMAX INTERNATIONAL INDONESIA	171,459.10	
Total	**1,031,433.79**	**1,584,640.81**

2. Sales of goods and services

Name of related parties	FY2018	FY2017
Thermax Europe Limited	8,575,962.00	10,938,206.11
Thermax Ltd.	222,588.95	5,539,208.26
PT THERMAX INTERNATIONAL INDONESIA	1,011,353.89	
Total	**9,809,904.84**	**16,477,414.37**

3. Amounts due from/to related parties

Name of related parties	Account	Amount
Thermax Ltd.	Accounts receivable	365,109.46
Thermax Ltd.	Accounts payable	585,099.00
PT THERMAX INTERNATIONAL INDONESIA	Accounts receivable	15,268.63

8. CONTINGENT EVENTS

As the date of report, the company has two pieces of pending litigation.

(1) During 2014, the company sold a chiller to Yanzhou Coking (Qingdao Steel), pricing 1.72 million yuan. Since the machine cannot be tested qualified, which makes the contract purpose unrealizable, the company was accused by Yanzhou Coking, demanded to terminate the contract, return the purchase of 982428yuan and compensate losses of 3.36 million Yuan. Shangdong court on January 29,2018,during the first hearing on the case, ordered the company to cancelled the sales contract and returned the customer 0.98million. The company has filed an appeal. Jining Intermediate People' s Court ruled to quash the first-instance judgment, and remand for new trial. The trial date has not been set yet.

9. COMMITMENTS

As at 31st December 2018, the Company has no significant commitments need to be disclosed..

10. 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.

11. Others

(1) As at the balance sheet date, the Citi bank had opened the guarantee letter of RMB1,442,515.00, USD 83,500.00and the letter of credit of USD114,000.00 for the company.

(2) The Mark to Market figure of the company's forward FX contracts is USD962.24 as of 2018-12-31.

(3) Going-concern ability

As of December 31,2018, the Company has accumulated losses of RMB93.38million and, as of that date, the Company's current liabilities exceeds its current assets of RMB17.71million. The main business revenue decrease by RMB17.73million compared with the same period last year. Improved methods were performed based on it. The company reduced domestic sales, so as to turn the Company into a manufacturing plant since 1st quarter 2018. The company cut 38 employees, nearly 33 percent of the workforce since last fiscal year.

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 FOR THE YEAR ENDED 31 MARCH 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements for the year ended 31 March 2019 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 2019, 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 2019
- The profit and loss account for the year then ended
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Thermax Netherlands B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening fnzake 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 Dutch Standard 720. 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.

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. 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 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 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 July 2019

Ernst & Young Accountants LLP

Signed by J. Tunggalwidjaja

THERMAX NETHERLANDS B. V.

Balance Sheet as at March 31, 2019

(Before appropriation of result)

ASSETS	Note No	**31 March 2019**		31 March 2018	
		Euro	**Rs Lacs**	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Participations in group companies	1	**8,190,000**	**6,352.62**	22,021,767	17,686.89
		8,190,000	**6,352.62**	22,021,767	17,686.89
CURRENT ASSETS:					
Receivable					
Prepaid expenses	2	**12,203**	**9.47**	11,985	9.63
Cash and cash Equivalents	3	**171,689**	**133.17**	224,466	180.28
		8,373,892	**6,495.26**	22,258,218	17,876.80
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	**4**				
Issued Share capital		**22,500,000**	**17,452.25**	22,500,000	18,070.99
Other Reserves		**5,129,907**	**3,979.04**	(234,528)	(188.36)
Result for the year		**(19,269,466)**	**(14,946.47)**	(35,565)	(28.56)
		8,360,441	**6,484.82**	22,229,907	17,854.06
Short-term liabilities					
Trade creditors		**675**	**0.52**	15,908	12.78
Accruals and deferred income	5	**12,776**	**9.91**	12,403	9.96
		13,451	**10.43**	28,311	22.74
TOTAL LIABILITIES		**8,373,892**	**6,495.26**	22,258,218	17,876.80

Exchange Rate as on 31 March 2018 is 1 Euro = 80.3155

Exchange Rate as on 31 March 2019 is 1 Euro = 77.5655

Profit and loss account for the period 01-04-2018 until 31-03-2019

	Note No	**01-04-2018 / 31-03-2019**		01-04-2017 / 31-03-2018	
		Euro	**Rs Lacs**	Euro	Rs Lacs
Other operating expenses	6	**(37,699)**	**(29.24)**	(35,565)	(28.56)
Operating result		(37,699)	**(29.24)**	(35,565)	(28.56)
Impairment participation	7	**(19,231,767)**	**(29.24)**	-	-
Result from operational activities before taxation		**(19,269,466)**	**(58.48)**	(35,565)	(28.56)
Taxation		-	-	-	-
Net result after taxation		**(19,269,466)**	**(58.48)**	(35,565)	(28.56)

Statement of Changes in Equity for the period ended March 31, 2019

	Issued share capital		**Accumulated results**		**Other Reserves**		**Result for the year**		**Total**	
	Euro	**Rs Lacs**	**Euro**	**Rs Lacs**	**Euro**	**Rs Lacs**	**Euro**	**Rs Lacs**	**Euro**	**Rs Lacs**
Balance as at 1 April 2018	22,500,000	17,452.25	(234,528)	(181.91)	-	-	(35,565.00)	(27.59)	22,229,907	17,243
Advance payment on shares to be issued	-	-	-	-	5,400,000	4,188.54	-	-	5,400,000	4,189
Result for the year	-	-	-	-	-	-	(19,269,466.00)	(14,946.47)	(19,269,466)	(14,946)
Appropriation of result	-	-	(35,565)	(27.59)	-	-	35,565.00	27.59	-	-
Balance as at 31 March 2019	22,500,000	17,452.25	(270,093)	(209.50)	5,400,000	4,188.54	(19,269,466.00)	(14,946.47)	8,360,441	6,484.82

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. On 20 September 2017 the company issued 2,000,000 shares of EUR 1 each, amounting to EUR 2,000,000. As at 31 March 2019 22,500,000 (2018: 22,500,000) shares were issued and fully paid up.

Notes to the financial statements March 31, 2019

General notes

The most important activities of the entity

Thermax Netherlands B.V. (hereinafter 'the Company'), a private limited liability company, having its statutory seat in Amsterdam and its place of business at Herikerbergweg 238, 1101CM, Amsterdam, the Netherlands, was incorporated under the laws of the Netherlands on 5 November 2010. The Company is wholly owned by Thermax Limited registered in Chinchwad Pune, India. The Company is registered at the trade register under number 51219352.

The principal activity of the Company is to act as a holding company.

The Company has made use of the exemption allowed by Article 396, Paragraph 6, Part 9, Book 2 of the Dutch Civil Code in not presenting a Managing Directors report.

The exemption of consolidation

Consolidation has not taken place, since the Company makes use of Article 408, Part 9, Book 2 of the Dutch Civil Code and consequently will file the consolidated financial statements of its parent company Thermax Limited, India with the trade register in the Netherlands.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements have been drawn up in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost. In the balance sheet and the profit and loss account, references are made to the notes.

Conversion of amounts denominated in foreign currency

All monetary assets and liabilities expressed in currencies other than EUR have been translated at the rates of exchange prevailing at the balance sheet date, whereas non-monetary assets expressed in currencies other than EUR are translated at historical rates. All transactions in foreign currencies have been translated into EUR at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences have been recognised in the Profit and loss account.

Accounting principles

Financial assets

Participations are valued at historical cost. The result represents the dividend declared in the reporting year.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash and cash equivalents are valued at nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

		31-03-2019	31-03-2018
		EUR	EUR
1	**Participations in group companies**		
	Thermax Denmark ApS (100%)	**8,190,000**	22,021,767

	01-04-2018 / 31-03-2019	01-04-2017 / 31-03-2018
	EUR	EUR
Thermax Denmark ApS (100%)		
Book value as at 1 April	**22,021,767**	20,021,767
Investments	**5,400,000**	2,000,000
Impairment on investment	**(19,231,767)**	–
Book value as at 31 March	**8,190,000**	22,021,767

On 8 November 2010 the Company subscribed for 74,920,000 newly issued shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 20,000,000.

On 22 June 2011 the Company acquired the remaining 80,000 shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 21,767.

On 19 April 2017 the Company invested EUR 2,000,000. As per 31 March 2018 the Company holds 100% of the issued share capital of Thermax Denmark Aps. The total amount involved was EUR 22,021,767.

On 1 March 2019 the Company invested EUR 5,400,000. As per 31 March 2019 the Company holds 100% of the issued share capital of Thermax Denmark Aps. The total amount involved was EUR 27,421,767.

Management compared the cost value with the fair value of Thermax Denmark ApS, based on future cash flows. Since the fair value is lower than cost value Management decided to book an impairment of EUR 19,231,767 during the year under review so at year-end the total value amounts to EUR 8,190,000.

3 Cash and cash equivalents

Cash and cash equivalents are available on demand.

4 Shareholders' equity

Movements in equity were as follows:

	Issued share capital	**Accumulated results**	**Other reserves**	**Result for the year**
	EUR	EUR	EUR	EUR
Balance as at 1 April 2018	22,500,000	(234,528)	-	(35,565)
Advance payment on shares to be Issued^	-	-	5,400,000	-
Result for the year	-	-	-	(19,269,466)
Appropriation of result	-	(35,565)	-	35,565
Balance as at 31 March 2019	**22,500,000**	**(270,093)**	**5,400,000**	**(19,269,466)**

^Thermax Limited has invested EUR 5,400,000 in Thermax Netherlands B.V. on 1st March 2019. As per local laws, share capital of Thermax Netherlands B.V. can be increased only after shareholder's register gets updated by Notary Public and currently the same is under process. Till that time, equity capital received has been shown in other reserves for accounting purpose. Management is expected to get updated shareholders register during first quarter of FY 2019-20 and the share capital of the company will be increased subsequently.

	Total
	EUR
Balance as at 1 April 2018	22,229,907
Advance payment on shares to be issued	5,400,000
Result for the year	(19,269,466)
Appropriation of result	-
Balance as at 31 March 2019	**8,360,441**

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. On 20 September 2017 the Company issued 2,000,000 shares of EUR 1 each, amounting to EUR 2,000,000. As at 31 March 2019 22,500,000 (31 March 2018: 20,500,000) shares were issued and fully paid up.

Statement of the proposed appropriation of the result

The Management proposes to carry forward the result for the financial year under review.

		31-03-2019	31-03-2018
		EUR	EUR
5	**Accruals and deferred income**		
	Accrued tax-advisory fees	**3,116**	3,025
	Accrued audit fees	**9,660**	9,378
		12,776	12,403

Subsequent events

No events have occurred since 31 March 2019 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Notes to the profit and loss account for the period 01-04-2018 until 31-03-2019

Remuneration of Directors

The board of directors consists of two members (31.03.2018: two), who served without remuneration.

		01-04-2018/ 31-03-2019	01-04-2017/ 31-03-2018
		EUR	EUR
6	**Other operating expenses**		
	Administrative expenses	**37,699**	35,565

	01-04-2018/ 31-03-2019	01-04-2017/ 31-03-2018
	EUR	EUR
Administrative expenses		
Accounting fees	13,848	14,337
Management fees^^	5,203	5,528
Audit fees	13,107	9,650
Tax-advisory fees	3,176	(145)
Legal fees	-	3,802
Other general expenses	1	-
Bank charges	2,364	2,393
	37,699	35,565

^^TMF Netherlands B.V. serves as a director of the Company. In the current year, the Company paid TMF Netherlands B.V. a total of EUR 19,051 which amongst other services, includes acting as a director for the Company.

		01-04-2018/ 31-03-2019	01-04-2017/ 31-03-2018
		EUR	EUR
7	**Impairment participation**		
	Provision for impairment Thermax Denmark ApS (99.9%)	**(19,231,767)**	–

See note 1 for further details on the impairment.

Average number of employees

	Number
01-04-2018 / 31-03-2019	–

Average number of employees

	Number
01-04-2017 / 31-03-2018	–

Amsterdam,

Mr. H.P. Mohgaonkar TMF Netherlands B.V.

Other information

1. **Auditors' opinion**

   The auditors' report is presented on the next page.

2. **Articles of Association provisions governing profit appropriation**

   Under the restriction that Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal and/or statutory reserves, the remaining reserves and unappropriated results are - in accordance with article 2.213 of the Company's articles of association - at the disposal of the shareholder.

   The Management proposes to carry forward the result for the financial year under review.

THERMAX DENMARK APS

Board of Directors	***Registered Office***	***Auditors***
Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay	Industrivej Nord 13 DK-7400 Herning	Emst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg.

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2018 – 31 March 2019.

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 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2018 – 31 March 2019.

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, 16 May 2019
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 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2019 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 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorised Public Accountant mne35420	Claes Jensen State Authorised Public Accountant mne44108

Management's review

Company details

Name	Thermax Denmark ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	33 25 57 48
Established	29 October 2010
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar
	Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	Havnegade 33
	DK-6700 Esbjerg

Financial highlights for the Group

DKKm	2018/19	2017/18	2015/16	2014/15	2013/14
Key figures					
Revenue	289	285	292	261	303
Operating profit	-84	-16	4	2	-60
Profit from financial income and expenses	-4	-3	-4	-5	-5
Profit before tax	-88	-18	1	-3	-66
Profit/loss for the year	**-82**	**-17**	**-1**	**-3**	**-64**
Non-current assets	95	154	140	147	157
Current assets	111	106	87	84	85
Total assets	**206**	**260**	**226**	**232**	**242**
Equity	**57**	**99**	**101**	**101**	**103**
Provisions	10	16	17	17	19
Non-current liabilities other than provisions	34	45	43	24	44
Current liabilities other than provisions	105	99	66	89	76
Cash flows from operating activities	-1	-24	26	-7	20
Cash flows from investing activities	-10	-27	-4	-3	-2
Portion relating to investment in property, plant and equipment	-6	-26	-2	-3	-2
Cash flows from financing activities	32	28	0	-20	-20
Total cash flows	**21**	**-21**	**22**	**-30**	**-2**
Financial ratios					
Operating margin	-29.1	-5.6	1.5	0.8	-4.8
Equity ratio	27.5	38.0	44.5	43.7	42.6
Return on equity	-105.5	-17.0	-1.2	-2.9	-47.3
Average number of full-time employees	**292**	**290**	**204**	**214**	**259**

For terms and definitions, please see the accounting policies.

Operating review

Principal activities of the Company

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V., which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. The ultimate holding company of Thermax Ltd. is RDA Holdings Private Limited, Pune, India.

The main activity of the company is owning shares in the fully-owned daughter companies Danstoker A/S and Ejendomsanpartssselskabet Industrivej Nord 13" (estate company). All operational activities take place within these respective daughter companies.

Danstoker A/S is the parent company of Boilerworks A/S and Danstoker Poland Sp. Z o.o.

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based biofuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

The activity of "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease estate, which is also the activity in the wholly owned subsidiary Boilerworks Properties ApS.

Development in activities and financial position

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget.

Result for the year before tax of DKK -87,640 thousand and after tax of DKK -82,416 thousand, respectively, is deemed not satisfactory by the Management.

The result is negatively affected by amortisation of goodwill amounting to DKK 60,425 thousand.

To recover the financial position and support further growth of the Group there has been an equity inflow of DKK 40,170 thousand in Thermax Denmark ApS and further to Danstoker A/S.

Management is aware that the Company is subject to the capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through future earnings.

Danstoker A/S

Danstoker A/S has had a lower level of activity than expected within the biomass segment but has nevertheless been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the new setup in Poland we will develop a stronger position in the east part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the after-sales services activities have developed positively.

Boilerworks A/S

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re-establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Boilerworks is highly active within the area of service, and the Company has been able to re-establish its position as one of the leading operators in Scandinavia within this segment.

Danstoker Poland S.p. z.o.o

The Company has been acquired in 2017/18.

Danstoker Poland designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2017/18.

Future outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is significantly higher than last year and is considered 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.

THERMAX DENMARK APS

It is the aim of the Thermax Denmark Group to create 3 profitable, strong and individually independent sales companies in Danstoker A/S, Danstoker Poland Sp. Z o.o. and Boilerworks, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets, where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Thermax Denmark is of the opinion that the Group is not 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 2019/20.

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, social and employee conditions as well as anticorruption, it should be noted that the Thermax Denmark Group does not, so far, have such written policies. This is due to the fact that the activity in the Thermax Denmark Group is limited compared to Thermax Ltd.

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 2020. The aim in not fulfilled in the parent company as the Group's Executive Board of two men is unchanged in 2018/19.

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 2018/19.

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 2018 - 31 March 2019

Balance sheet

	Notes	**2018/19**		2017/18		**2018/19**		2017/18	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS									
Non-current assets									
Intangible assets	8								
Development completed		**2,296**	**238.59**	-	-	-	-	-	-
Licences, software		**1,878**	**195.15**	2,703	291.22	-	-	-	-
Goodwill		**28,907**	**3,003.86**	89,332	9,624.50	-	-	-	-
Prepayments for intangible assets		**850**	**88.33**	-	-				
		33,931	**3,525.93**	92,035	9,915.72	-	-	-	-
Property, plant and equipment	9								
Land and buildings		**48,001**	**4,988.01**	50,056	5,392.96	-	-	-	-
Plant and machinery		**12,099**	**1,257.26**	10,027	1,080.29	-	-	-	-
Fixtures and fittings, tools and equipment		**1,233**	**128.13**	1,482	159.67	-	-	-	-
Property, plant and equipment under construction			**-**	-	-	-	-	-	-
		61,333	**6,373.40**	61,565	6,632.93	-	-	-	-
Investments	10								
Investments in subsidiaries		**-**	**-**	-		**98,292**	**10,213.98**	140,251	15,110.45
		-	-	-	-	**98,292**	**10,213.98**	140,251	15,110.45
Total non-current assets		**95,264**	**9,899.32**	153,600	16,548.65	**98,292**	**10,213.98**	140,251	15,110.45
Current assets									
Inventories									
Raw materials and consumables		**16,800**	**1,745.77**	16,250	1,750.75	-	-	-	-
Semi-finished goods		**2,634**	**273.71**	3,117	335.82	-	-	-	-
finished goods		**24**	**2.49**	4	0.43	-	-	-	-
		19,458	**2,021.97**	19,371	2,087.00	-	-	-	-
Receivables									
Trade receivables		**21,008**	**2,183.01**	24,188	2,605.98	-	-	-	-
Deffered Tax assets	11	**411**	**42.71**	-	-	**213**	**22.13**	206	22.19
Work in progress (customer-specific orders)	12	**59,056**	**6,136.75**	55,815	6,013.43	-	-	-	-
Amounts owed by group companies		**-**	**-**	-	-	**5,334**	**554.28**	4,751	511.87
Corporation tax receivable		**-**	**-**	898	96.75	-	-	898	96.75
Other receivables		**2,841**	**295.22**	4,096	441.30	-	-	-	-
Prepayments	13	**1,711**	**177.80**	1,254	135.10	-	-	-	-
		85,026	**8,835.49**	86,251	9,292.56	**5,547**	**576.41**	5,855	630.81
Cash at bank and in hand		**6,314**	**656.12**	1,010	108.82	**463**	**48.11**	10	1.08
Total current assets		**110,798**	**11,513.58**	106,632	11,488.38	**6,010**	**624.53**	5,865	631.89
Total assets		**206,062**	**21,412.90**	260,232	28,037.03	**104,302**	**10,838.51**	146,116	15,742.33
EQUITY AND LIABILITIES									
Equity									
Share capital		**130,000**	**13,508.90**	89,829	9,678.05	**130,000**	**13,508.90**	89,829	9,678.05
Net revaluation according to the equity method			**-**	-	-		-	-	-
Retained earnings		**(73,279)**	**(7,614.76)**	9,617	1,036.12	**(73,279)**	**(7,614.76)**	9,617	1,036.12
Total equity		**56,721**	**5,894.14**	99,446	10,714.17	**56,721**	**5,894.14**	99,446	10,714.17
Provisions									
Deferred tax	11	**5,640**	**586.04**	10,482	1,129.32	-	-	-	-
Other provisions	14	**4,649**	**483.10**	5,859	631.24	-	-	-	-
Total provisions		**10,289**	**1,069.14**	16,341	1,760.56	-	-	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions	**15**								
Mortgage credit institutions		**11,920**	**1,238.62**	12,836	1,382.93	-	-	-	-
Bank loans		**18,663**	**1,939.36**	31,668	3,411.87	**18,663**	**1,939.36**	31,668	3,411.87
Lease liabilites		**3,644**	**378.62**	814	87.70		-	-	-

THERMAX DENMARK APS

	Notes	2018/19		2017/18		2018/19		2017/18	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
		34,226	**3,556.60**	45,318	4,882.50	**18,663**	**1,939.36**	31,668	3,411.87
Current liabilities other than provisions									
Current portion of non-current liabilities other than provisions	15	**15,061**	**1,565.06**	12,387	1,334.56	**13,064**	**1,357.54**	11,177	1,204.19
Bank loans		**6,203**	**644.58**	22,250	2,397.18	**-**	**-**	-	-
Prepayments received from customers	12	**16,938**	**1,760.11**	9,613	1,035.69	**-**	**-**	-	-
Trade payables		**23,033**	**2,393.47**	26,552	2,860.68	**-**	**-**	-	-
Amounts owed to group companies		**18,362**	**1,908.08**	3,208	345.63	**12,630**	**1,312.44**	3,616	389.58
Corporation tax		**-**	**-**	-	-	**3,029**	**314.76**	-	-
Other payables		**25,065**	**2,604.62**	25,117	2,706.07	**196**	**20.37**	209	22.52
Deferred Income		**165**	**17.10**	-	-	**-**	**-**	-	-
		104,827	**10,893.02**	99,127	10,679.80	**28,919**	**3,005.11**	15,002	1,616.29
Total liabilities other than provisions		**139,054**	**14,449.62**	144,445	15,562.30	**47,582**	**4,944.47**	46,670	5,028.16
Total equity and liabilities		**206,062**	**21,412.90**	260,232	28,037.03	**104,302**	**10,838.61**	146,116	15,742.33

1 Accounting Policies

16 Contractual Obligations & Contingencies, Etc.

17 Mortgages & Collateral

18 Related Party Disclosures

Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915

Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739

Income Statement

	Notes	2018/19		2017/18		2018/19		2017/18	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Revenue	2	**288,982**	**30,029.46**	285,164	30,723.17	**-**	**-**	-	-
Production costs	3	**(319,503)**	**(33,201.04)**	(255,055)	(27,479.27)	**-**	**-**	-	-
Gross profit		**(30,521)**	**(3,171.58)**	30,109	3,243.90	**-**	**-**	-	-
Distribution costs	3	**(23,729)**	**(2,465.79)**	(21,282)	(2,292.89)	**-**	**-**	-	-
Administrative expenses	3,4	**(30,043)**	**(3,121.91)**	(25,168)	(2,711.57)		**-**	(113)	(12.17)
Other operating income		**157**	**16.31**	584	62.92	**(115)**	**(11.95)**	-	-
Operating profit		**(84,136)**	**(8,742.96)**	(15,757)	(1,697.64)	**(115)**	**(11.95)**	(113)	(12.17)
Profits/losses from investments in subsidiaries	10	**-**	**-**	-	-	**(81,648)**	**(8,484.42)**	(15,734)	(1,695.16)
Financial income	5	**1,999**	**207.73**	1,530	164.84	**5**	**0.52**	23	2.48
Financial expenses	6	**(5,503)**	**(571.84)**	(4,160)	(448.19)	**(874)**	**(90.82)**	(1,087)	(117.11)
Profit before tax		(87,640)	(9,107.08)	(18,387)	(1,980.99)	**(82,632)**	**(8,586.67)**	(16,911)	(1,821.97)
Tax on profit for the year	7	**5,224**	**542.85**	1,784	192.21	**216**	**22.45**	308	33.18
Profit for the year		**(82,416)**	**(8,564.23)**	(16,603)	(1,788.78)	**(82,416)**	**(8,564.23)**	(16,603)	(1,788.78)

Statement of Changes in Equity for the period 1st April 2018 to 31st March 2019

Particulars	Notes	Consolidated					
		Share capital		Retained earnings		Total	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2018/19		89,829	9,334.55	9,617	999.35	99,446	10,333.90
Transfer see "Proposed profit / loss appropriation	19	-	-	(82,416)	(8,564.23)	(82,416)	(8,564.23)
Capital increase		40,171	4,174.36	-	-	40,171	4,174.36
Exchange rate adjustment				(389)	(40.42)	(389)	(40.42)
Change in value adjustments of hedging instruments in investments		-	-	(117)	(12.16)	(117)	(12.16)
Tax on equity transactions		-	-	26	2.70	26	2.70
Equity at 31 March 2019		130,000	13,508.90	(73,279)	(7,614.76)	56,721	5,894.14

Particulars	Notes	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 2018		89,829	9,334.55	-	-	9,617.00	999.35	99,446.00	10,333.90
Transfer see "Proposed profit / loss appropriation	19	-	-	480.00	49.88	(82,896)	(8,614.11)	(82,416.00)	(8,564.23)
Capital increase		40,171	4,174.36		-		-	40,171.00	4,174.36
Exchange rate adjustment				(389.00)	(40.42)			(389.00)	(40.42)
Change in value adjustments of hedging instruments in investments		-	-	(117.00)	(12.16)		-	(117.00)	(12.16)
Tax on equity transactions		-	-	26.00	2.70		-	26.00	2.70
Equity at 31 March 2019		130,000	13,508.90	-	-	(73,279)	(7,614.76)	56,721	5,894.14

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally.

Cash flow statement, consolidated

	2018/19		2017/18	
	DKK'000	**Rs.Lacs**	DKK'000	Rs.Lacs
Net profit for the year before tax	**(87,640)**	**(9,107.08)**	(18,387)	(1,980.99)
Depreciation for the year and gains from sales of fixed assets	**67,517**	**7,016.01**	13,082	1,409.44
Other Adjustment	**490**	**50.92**	-	-
Changes in equity before tax	**(506)**	**(52.58)**	640	68.95
Corporation tax paid, net	**898**	**93.32**	(394)	(42.45)
Cash flows from operations (operating activities) before changes in working capital	**(19,241)**	**(1,999.42)**	(5,059)	(545.05)
Change in inventories	**(87)**	**(9.04)**	(2,614)	(281.63)
Change in receivables and work in progress	**738**	**76.69**	(16,640)	(1,792.77)
Change in provisions	**(1,210)**	**(125.74)**	503	54.19
Change in current liabilities	**19,072**	**1,981.86**	(405)	(43.63)
Cash flows from operating activities	**(728)**	**(75.65)**	(24,215)	(2,608.89)
Acquisition of intangible asset	**(3,894)**	**(404.64)**	(1,041)	(112.16)
Acquisition of property, plant and equipment, net	**(5,781)**	**(600.73)**	(1,237)	(133.27)
Acquisition of subsidiary	**-**	**-**	(23,536)	(2,535.74)
Cash flows from investing activities	**(9,675)**	**(1,005.37)**	(25,814)	(2,781.16)
Capital Increase	**40,171**	**4,174.36**	14,829	1,597.66
Mortage of new loans	**5,019**	**521.55**	14,903	1,605.63
Repayment of long-term debt	**(13,436)**	**(1,396.20)**	(1,245)	(134.13)
Cash flows from financing activities	**31,754**	**3,300**	28,487	3,069
Net cash flows for the year	**21,351**	**2,218.68**	(21,542)	(2,320.90)
Cash and cash equivalents at 1 April 2018	**(21,240)**	**(2,207.15)**	302	32.54
Cash and cash equivalents at 31 March 2019	**111**	**11.53**	(21,240)	(2,288.37)
Cash, cash equivalents and bank loans				
Cash at bank and in hand	**6,314**	**656.12**	1,010	108.82
Bank loans, current liabilities	**(6,203)**	**(644.58)**	(22,250)	(2,397.18)
Cash, cash equivalents and bank loans	**111**	**11.53**	(21,240)	(2,288.37)

Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915

Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the parent company is prepared, as the parent company's cash flows are part of the consolidated cash flow statement.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Thermax Denmark ApS, and subsidiaries in which Thermax Denmark ApS directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, please see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements, is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are 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.

Contract work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, due to strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software rights are measured at cost less accumulated amortisation and impairment losses. Software rights are amortised on a straight-line basis over the expected useful life which has been fixed at three years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development costs, software rights, and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30-50 years
Roofing tiles and paving stones	20 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Thermax Denmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, please see Consolidated financial statements above.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order is immediately recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In its capacity as the administrative company, Thermax Denmark ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, guarantees etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Financial ratios

The financial statements have been prepared in accordance with the same accounting policies as last year.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	Operating Profit x 100 / Revenue
Equity ratio	Equity at year end x 100 / Total Equity and Liabilities at year end
Return on equity	Profit from ordinary activities after tax x 100 / Average Equity

		Consolidated		Parent company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	281,384	280,941	0	0
	Outside Europe	7,598	4,223	0	0
		288,982	285,164	0	0
3	**Employee relations**				
	Wages and salaries	114,688	109,973	0	0
	Pensions	6,722	6,807	0	0
	Other social security costs	876	839	0	0
		122,286	117,619	0	0
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	292	290	0	0

		Consolidated		Parent company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
4	**Fees paid to auditors appointed at the annual general meeting**				
	Fee regarding statutory audit	335	356	15	19
	Assurance engagements	446	372	40	57
	Tax assistance	37	66	8	10
	Other assistance	186	172	25	23
		1,004	966	88	109
5	**Financial income**				
	Interest income from group enterprises	0	0	0	0
	Other financial income	1,999	1,530	5	23
		1,999	1,530	5	23
6	**Financial expenses**				
	Interest expense for group enterprises	140	0	56	79
	Other interest expense	5,363	4,160	818	1,008
		5,503	4,160	874	1,087
7	**Tax on the profit for the year**				
	Current tax for the year	0,026	-407	-209	-137
	Deferred tax adjustment for the year	-5,224	-1,062	-7	-122
	Prior-year adjustments	0	-186	0	-49
		-5,198	-1,655	-216	-308
	Specified as follows:				
	Tax on profit for the year	-5,224	-1,784	-216	-308
	Tax on changes in equity	26	129	0	0
		-5,198	-1,655	-216	-308

8 **Intangible assets**

Consolidated

DKK'000	**Completed development projects**	**Licences, software**	**Development projects in progress**	**Goodwill**	**Total**
Cost at 1 April 2018	210	4,104	0	141,569	145,883
Additions	2,924	120	850	0	3,894
Disposals	0	-227	0	0	-227
Cost at 31 March 2019	3,134	3,997	850	141,569	149,550
Impairment losses and amortisation at 1 April 2018	210	1,401	0	52,237	53,848
Amortisation	628	945	0	60,425	61,998
Disposals	0	-227	0	0	-227
Impairment losses and amortisation at 31 March 2019	838	2,119	0	112,662	115,619
Carrying amount at 31 March 2019	2,296	1,878	850	28,907	33,931

Development costs are recognized based on expectations for future earnings generated from development projects.

9 Property, plant and equipment

Consolidated

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2018	57,733	26,013	2,646	86,392
Additions	0	5,690	539	6,229
Disposals	0	-3,086	-790	-3,876
Currency translation	-517	0	0	-517
Cost at 31 March 2019	57,216	28,617	2,395	88,228
Impairment losses and depreciation at 1 April 2018	7,677	15,986	1,164	24,827
Depreciation and impairment losses	1,561	3,451	507	5,519
Disposals	0	-2,919	-509	-3,428
Currency translation	-23	0	0	-23
Impairment losses and depreciation at 31 March 2019	9,215	16,518	1,162	26,895
Carrying amount at 31 March 2019	48,001	12,099	1,233	61,333
Property, plant and equipment include finance leases with a carrying amount totalling	0	4,759	592	5,351

10 Investments

Parent

DKK'000	Investments in subsidiaries
Cost at 1 April 2018	233,725
Additions	40,171
Cost at 31 March 2019	273,896
Value adjustments at 1 April 2018	-93,474
Profits for the year	-21,331
Exchange rate adjustments	-389
Change in value adjustments of hedging instruments in investments	-91
Depreciation, goodwill	-60,319
Value adjustments at 31 March 2019	-176,022
Carrying amount at 31 March 2019	**98,292**

Carrying amount of goodwill amounts to DKK 28,907 thousand as of 31 March 2019.

Name	Registered office	Voting rights and ownership	Share capital
Danstoker A/S	Herning, Denmark	100 %	10,001
Ejendomsanparts-selskabet Industrivej Nord 13	Herning, Denmark	100 %	200
Boilerworks A/S	Tønder, Denmark	100 %	500
Boilerworks Properties ApS	Herning, Denmark	100 %	80
Danstoker Polen	Poland	100 %	9

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
11 Deferred tax				
Deferred tax at 1 April 2018	**10,482**	11,819	**-206**	-34
Deferred tax adjustment	**-5,253**	-1,248	**-7**	-172
Deferred tax from acquisition of subsidiaries	0	-89	**0**	0
Deferred tax at 31 March 2019	**5,229**	10,482	**-213**	-206
Deferred tax are recognized as follows:				
Deferred tax assets	**411**	0	**213**	206
Deferred tax liabilities	**5,640**	10,482	**0**	0
	5,229	10,482	**213**	206

Deferred tax relates to non-current assets and work in progress (advance on account).

12 Work in progress (customer-specific orders)

Consolidated

DKK'000	2018/19	2017/18
Work in progress	**299,998**	253,185
Payment on account	**-257,880**	-206,983
	42,118	46,202
Recognised as follows:		
Work in progress (customer-specific orders) (assets)	**59,056**	55,815
Prepayments received from customers (liabilities)	**-16,938**	-9,613
	42,118	46,202

13 Prepayments

Consolidated

Prepaid insurance premiums	**694**	936
Other prepaid costs	**1,017**	318
	1,711	1,254

14 Other provisions

Consolidated

Other provisions at 1 April 2018	**5,859**	5,356
Provision for the year, adjustment	**-1,210**	503
Other provisions at 31 March 2019	**4,649**	5,859

Other provisions consists of custom warranties, DKK 618 thousand (2017/18: DKK 1,709 thousand) and provision for guarantee obligations and other costs DKK 4,031 thousand (2017/18: DKK 4,150 thousand).

15 Non-current liabilities other than provisions

Consolidated

DKK'000	Total liabilities at 31/3/2019	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	12,836	916	11,920	8,491
Bank loans	31,727	13,064	18,663	0
Lease liabilities	4,725	1,081	3,644	0
Total liabilities	**49,288**	**15,061**	**34,227**	**8,491**

Parent company

DKK'000	Total liabilities at 31/3/2019	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	31,727	13,064	18,663	0
Total liabilities	**31,727**	**13,064**	**18,663**	**0**

16 Contractual obligations and contingencies, etc. Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1.555 thousand, hereof DKK 841 thousand fall due 2018/19.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 8,800 thousand with a net position as of 31 March 2019 of totally DKK -1,631 thousand (2017/18: DKK -1,785 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 33,939 thousand, currency in NOK 3,324 thousand and currency in GBP 649 thousand and with a net position as of 31 March 2019 to DKK -47 thousand (2017/18: DKK 212 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 25,680 thousand out of a total carrying amount of land and buildings of DKK 48,001 thousand at 31 March 2019 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 12,836 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 7,829 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 46,980 thousand (2017/18: DKK 51,408 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 2019, the guarantee commitment amounted to DKK 2,308 thousand (2017/18: DKK 2,190 thousand).

Mortgage registered to the owner, nominal DKK 500 thousand, is held by the Group.

18 Related parties

Thermax Denmark ApS' related parties comprise the following:

Related party transactions

Transactions with related parties are specified as follows:

DKK'000	**2018/19**	**2017/18**
Revenue	195	1,139
Production costs	5,141	4,802
Financial expenses	140	0
Amounts owed to group companies (Liabilities)	18,362	3,208
Equity contribution from parent	40,171	14,829

Information about consolidated financial statements

Parent	**Domicile**	**Requisitioning of the parent's consolidated financial statements**
Thermax Ltd.	India	www.thermaxglobal.com

	Consolidated		**Parent**	
DKK'000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
19 Proposed profit/loss				
Transferred to reserves under equity	-82,416	-16,603	-82,896	-16,104
Reserve for net revaluation under the equity method	0	0	480	-499
	-82,416	-16,603	-82,416	-16,603

DANSTOKER A/S

Board of Directors

Hemant Prabhakar Mohgaonkar (Chairman)
Amitabha Mukhopadhyay (Vice Chairman)
Jan Enemark
Rakesh Rampratap Tripathi
Holger Michael D. Jepsen (Elected by the employees)
Jørn Henriksen (Elected by the employees)

Registered Office

Industrivej Nord 13
DK - 7400 Herning

Auditors

Ernst & Young
Godkendt Revisionspartnerselskb
Havnegade 33
DK - 6700 Esbjerg

Executive Board

Jan Enemark
Kurt Myhlert Olsen

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 2018 – 31 March 2019.

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 2019 and of the results of the Company's operations for the financial year1 April 2018 – 31 March 2019.

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, 16 May 2019

Executive Board:

Jan Enemark	Kurt Myhlert Olsen

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark
Rakesh Rampratap Tripathi	Holger Michael D. Jepsen (Elected by the employees)	Jørn Henriksen (Elected by the employees)

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 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch	Claes Jensen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne35420	mne44108

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
	Rakesh Rampratap Tripathi
	Holger Michael D. Jepsen (Elected by the employees)
	Jørn Henriksen (Elected by the employees)
Executive Board	Jan Enemark
	Kurt Myhlert Olsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	Havnegade 33
	DK-6700 Esbjerg

Financial highlights

DKK m	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Key figures					
Gross profit	**28**	28	39	33	29
Ordinary operating profit/loss	**-8**	-8	9	4	-1
Profit/loss before tax	**-27**	-14	6	3	-58
Profit/loss for the year	**-25**	-12	4	3	-58
Total assets	**135**	110	90	90	89
Investment in property, plant and equipment	**5**	1	2	2	2
Equity	**50**	35	33	28	25
Financial ratios					
Equity ratio	**36.9**	32.1	36.0	31.6	28.4
Return on equity	**-59.0**	-36.1	10.1	11.5	-96.2
Average number of full-time employees	**115**	121	122	136	144

For terms and definitions, please see the accounting policies.

Operating review

Danstoker A/S, which has its registered address in the municipality of Herning, is a fully-owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Boilerworks A/S and Danstoker Poland Sp. Z.o.o.

The Danstoker Group designs, manufactures and sells boilers and associated equipment to the energy market, including also rebuilding and servicing of boilers. The Danstoker Group product range is continuously adapted to the 4 energy categories:

- ▶ Solid fuel market, mainly based on biofuels
- ▶ Combined heat and power market
- ▶ Exhaust gas market
- ▶ Oil/gas market

Development during the year under review

Danstoker A/S has had a lower level of activity than expected within the biomass segment but has nevertheless been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the new setup in Poland we will develop a stronger position in the east part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the after-sales services activities have developed positively.

The main activities of Boilerworks A/S are service jobs on water-tube boilers and the manufacture of economizers and high pressure boiler components of the water-tube design. Many service jobs have been put on hold, but optimism is clearly returning to the markets again.

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. The primary reasons for this result are the investment in Danstoker Poland Sp. Z.o.o facility, delayed maturation of pipeline projects, deviations from 3 major projects, several bankruptcies among customers and suppliers and consolidation in the market. The bio market was partly halted by energy policy uncertainties and low oil / gas prices. The result is not satisfactory.

Profit for the year before tax amounts to DKK -27,170 thousand and profit after tax amounts to DKK -25,085 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.

In April 2019 the Management has decided to merge Danstoker A/S and Boilerworks A/S with Danstoker as the continuing entity.

Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is lower than last year but satisfactory.

It is the aim of the Danstoker Group to create 3 profitable, strong and individually independent sales companies in Danstoker A/S, Danstoker Poland Sp. z o.o. and Boilerworks A/S, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Danstoker A/S is not of the opinion that the Company is facing special long-term risks, neither in its markets nor otherwise.

The growing, necessary, political focus on CO2 on a global scale will in the long term contribute to making our CO2-neutral products within biofuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2019/20.

Financial statements 1 April 2018 – 31 March 2019

Income statement

	Note	2018-19		2017-18	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit		**27,825**	**2,891.42**	28,328	3,052.02
Sales and distribution costs		**(19,179)**	**(1,992.98)**	(20,139)	(2,169.75)
Administrative expenses		**(16,709)**	**(1,736.31)**	(16,577)	(1,785.98)
Operating Profit / Loss		**(8,063)**	**(837.86)**	(8,388)	(903.71)
Profit / Loss on investments in subsidiaries	7	**(17,659)**	**(1,835.03)**	(4,836)	(521.02)
Financial income	2	**318**	**33.04**	491	52.90
Financial expenses	3	**(1,766)**	**(183.51)**	(1,368)	(147.39)
Profit / Loss before tax		**(27,170)**	**(2,823.36)**	(14,101)	(1,519.22)
Tax on profit/loss for the year	4	**2,085**	**216.66**	1,857	200.07
Profit / Loss for the year		**(25,085)**	**(2,606.70)**	(12,244)	(1,319.15)

Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915
Exchange rate: as at 31 March 2018 is 1 DKK = Rs 10.7739

Balance sheet

	Note	2018-19		2017-18	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS					
Non-current assets					
Intangible assets	5				
Licences, software		**1,870**	**194.32**	2,675	288.20
Prepayments for intangible assets		**850**	**88.33**	–	–
		2,720	**282.65**	2,675	288.20
Property, plant and equipment	6				
Plant and machinery		**6,977**	**725.01**	4,583	493.77
Fixtures and fittings, tools and equipment		**852**	**88.54**	1,195	128.75
Property, plant and equipment under construction		–	–	–	–
		7,829	**813.55**	5,778	622.51
Investments	7				
Investments in subsidiaries		**0**	–	615	66.26
		0	–	615	66.26
Total non-current assets		**10,549**	**1,096.20**	9,068	976.97
Current assets					
Inventories					
Raw materials and consumables		**12,268**	**1,274.82**	12,773	1,376.15
Semi-finished goods		**2,246**	**233.39**	2,824	304.25
		14,514	**1,508.22**	15,597	1,680.40
Receivables					
Trade receivables		**13,172**	**1,368.76**	20,161	2,172.12
Work in progress (customer-specific orders)	8	**46,049**	**4,785.17**	34,145	3,678.73
Amounts owed by group companies		**43,111**	**4,479.86**	27,511	2,964.00
Other receivables		**1,684**	**174.99**	1,195	128.75
Prepayments	9	**2,558**	**265.81**	2,014	216.99
		106,574	**11,074.60**	85,026	9,160.58
Cash at bank and in hand		**3,203**	**332.84**	155	16.70
Total current assets		**124,291**	**12,915.66**	100,778	10,857.68
Total assets		**134,840**	**14,011.85**	109,846	11,834.65

DANSTOKER A/S

Financial statements 1 April 2018 – 31 March 2019

Balance Sheet

	Note	2018-19		2017-18	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES					
Equity					
Share capital		**10,001**	**1,039.25**	10,001	1,077.49
Reserver for development cost		**663**	**68.90**	-	-
Retained earnings		**39,118**	**4,064.93**	25,295	2,725.25
Total equity		**49,782**	**5,173.08**	35,296	3,802.74
Provisions					
Deferred tax	10	**2,547**	**264.67**	6,882	741.46
Other provisions	11	**4,349**	**451.92**	5,130	552.70
Total provisions		**6,896**	**716.60**	12,012	1,294.16
Liabilities other than provisions					
Non-current liabilities	12				
Lease liabilities		**2,924**	**303.85**	738	79.51
		2,924	**303.85**	738	79.51
Current liabilities					
Current portion of non-current liabilities other than provisions	12	**846**	**87.91**	269	28.98
Bank loans		**205**	**21.30**	13,812	1,488.09
Prepayments received from customers	8	**12,679**	**1,317.53**	5,934	639.32
Trade payables		**14,288**	**1,484.73**	14,359	1,547.02
Amounts owed to group companies		**33,384**	**3,469.09**	13,885	1,495.95
Other payables		**13,836**	**1,437.76**	13,541	1,458.89
		75,238	**7,818.33**	61,800	6,658.25
Total liabilities other than provisions		**78,162**	**8,122.18**	62,538	6,737.76
Total equity and liabilities		**134,840**	**14,011.85**	109,846	11,834.65
Accounting policies	1				
Employee relations	13				
Charges, collateral and contingencies, etc.	14				
Related party disclosures	15				

Statement of Changes in Equity for the period 1 April 2018 to 31 March 2019

Particulars	**Note**	**Share capital**		**Reserve for development cost**		**Retained Earnings**		**Total**	
		DKK'000	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**	**DKK'000**	**Rs. Lacs**
Equity at 1 April 2018		10,001	1,039.25	–	–	25,295	2,628.52	35,296	3,667.77
Retained profit for the year	16	–	–	663	68.90	(25,748)	(2,675.59)	(25,085)	(2,606.70)
Equity contribution from parent		–	–			40,171	4,174.36	40,171	4,174.36
Change in value adjustments of hedging instruments after Tax		–	–	–	–	(109)	(11.33)	(109)	(11.33)
Change in value adjustments of hedging instruments in investments after Tax		–	–	–	–	(102)	(10.60)	(102)	(10.60)
Exchange rate adjustment in investments		–	–	–	–	(389)	(40.42)	(389)	(40.42)
Equity at 31 March 2019		**10,001**	**1,039.25**	**663**	**68.90**	**39,118**	**4,064.93**	**49,782**	**5,173.08**

The share capital consists of 1 share at a nominal amount of DKK 10,001,000.

Financial statements 1 April 2018 – 31 March 2019

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for the period 1 April 2018 – 31 March 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 86(4) and 112(1) of the Danish Financial Statements Act. The annual report of Danstoker A/S and related subsidiaries forms part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The financial statements have been prepared in accordance with the same accounting policies as last year.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

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 14 thousand per unit are recognised as costs in the income statement in the year of acquisition.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Danstoker A/S are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in process (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the execution of the order is initiated, a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order is immediately recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognised as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of a loss, realisation of investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations by a transfer directly to the distributable reserves under 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, 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

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 Financial income

DKK'000	2018/19	2017/18
Interest income from group enterprises	**102**	91
Other interest income, including foreign exchange gains, etc.	**216**	400
	318	491

3 Financial expenses

DKK'000	2018/19	2017/18
Interest expenses to group enterprises	**658**	327
Other interest expenses, including foreign exchange losses, etc.	**1,108**	1,041
	1,766	1,368

4 Tax on profit for the year

DKK'000	2018/19	2017/18
Current tax for the year	**2,250**	-805
Deferred tax adjustment for the year	**-4,335**	-915
Prior-year adjustments	**0**	-137
	-2,085	-1,857

5 Intangible assets

DKK'000	Licences, software	Intangible assets in progress	Total
Cost at 1 April 2018	3,357	0	3,357
Additions	120	850	970
Cost at 31 March 2019	3,477	850	4,327
Impairment losses and amortisation at 1 April 2018	682	0	682
Amortisation	925	0	925
Impairment losses and amortisation at 31 March 2019	1,607	0	1,607
Carrying amount at 31 March 2019	1,870	850	2,720

Intangible assets in progress are recognized based on expectations for future earnings generated from development projects

6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2018	26,687	4,005	30,692
Additions	4,274	342	4,616
Disposals	-1,447	-790	-2,237
Cost at 31 March 2019	29,514	3,557	33,071
Impairment losses and depreciation at 1 April 2018	22,104	2,809	24,913
Depreciation	1,880	405	2,285
Depreciation, assets sold	-1,447	-509	-1,956
Impairment losses and depreciation at 31 March 2019	22,537	2,705	25,242
Carrying amount 31 March 2019	6,977	852	7,829
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	4,064	367	4,431

7 Investments

DKK'000	Invest-ments in subsidiaries
Cost at 1 April 2018	3,009
Additions	0
Cost at 31 March 2019	3,009
Value adjustments at 1 April 2018	-7,326
Adjustments	-389
Net profit/loss for the year	-17,659
Equity adjustment in investments	-102
Value adjustments at 31 March 2019	-25,476
Investments with negative book value written down in receivables	-22,467
Carrying amount at 31 March 2019	0

Name	Registered office	Voting rights and ownership	Share capital
Group enterprises			
Boilerworks A/S	Tønder, Denmark	100 %	500
Danstoker Poland Sp. Z.o.o.	Poland	100 %	9

8 Work in progress (customer-specific orders)

DKK'000	2018/19	2017/18
Work in progress	**130,690**	132,157
Payments on account	**-97,320**	-103,946
Carrying amount at 31 March	**33,370**	28,211
Recognised as follows:		
Work in progress (customer specific orders) (assets)	**46,049**	34,145
Prepayments received from customers (liabilities)	**-12,679**	-5,934
	33,370	28,211

9 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

10 Deferred tax

DKK'000	2018/19	2017/18
Deferred tax at 1 April	**6,882**	7,935
Deferred tax adjustment	**-4,335**	-1,053
Deferred tax at 31 March	**2,547**	6,882

Deferred tax primarily relates to work in progress (advance on account).

11 Other provisions

Other provisions consists of customs warranties, DKK 318 thousand (2017/18: DKK 980 thousand) and provision for guarantee obligations and other costs DKK 4,031 thousand (2017/18: DKK 4,150 thousand).

12 Non-current liabilities other than provisions

DKK'000	Total liabilities at 1/4 2018	Total liabilities at 31/3 2019	Repay-ment next year	Long-term portion	Out-standing debt after 5 years
Lease liabilities	1,007	3,769	846	2,924	0
	1,007	3,770	846	2,924	0

13 Employee relations

DKK'000	2018/19	2017/18
Wages and salaries	**56,020**	57,782
Pensions	**4,026**	4,218
Other social security costs	**691**	652
	60,737	62,652
Remuneration of the Executive Board	**3,065**	2,866
Remuneration of the Board of Directors	**60**	60
Average number of full-time employees	**115**	121

14 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 years total DKK 1,037 thousand, hereof DKK 527 thousand fall due 2019/20.

The Company has entered into lease contract that is non-terminable until 30 September 2020. Tenancy commitments in lease buildings amount to DKK 4,408 thousand, of this DKK 4,408 thousand concerns 2019/20.

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 7,829 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 20,423 thousand (2017/18: DKK 23,617 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 46,979 thousand (2017/18: DKK 51,408 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 2019, the guarantee commitment etc. amounted to DKK 2,308 thousand (2017/18: DKK 2,190 thousand).

The company has entered project-related forward exchange contracts concerning currency in NOK 3,324 thousand and currency in GBP 649 thousand with a net position as of 31 March 2019 to DKK -90 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.

15 Related parties

Danstoker A/S' related parties comprise the following:

Parties exercising control

Thermax Denmark ApS holds the majority of the share capital in the Company.

Related party transactions

DKK'000	2018/19	2017/18
Revenue	**2,094**	782
Production costs	**18,379**	10,773
Rent	**4,405**	4,319
Financial income	**102**	91
Financial expenses	**658**	327
Amounts owed by group companies (Receivables)	**33,384**	13,885
Amounts owed to group companies (Liabilities)	**43,111**	27,511
Equity contribution from parent	**40,171**	14,800

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

16 Proposed profit appropriation

DKK'000	2018/19	2017/18
Reserve for development cost	**663**	0
Retained earnings	**-25,748**	-12,244
	-25,085	-12,244

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Executive Board	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay	Industrivej Nord 13 DK - 7400 Herning	Ernst & Young Godkendt Revisionspartnerselskb Havnegade 33 DK - 6700 Esbjerg

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2018 – 31 March 2019.

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 2019 and of the results of its operations for the financial year 1 April 2018 – 31 March 2019.

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, 16 May 2019

Executive Board:

Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay

Independent auditor's report

To the shareholders of Ejendomsanpartsselskabet Industrivej Nord 13

Opinion

We have audited the financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorised Public Accountant MNE35420	Claes Jensen State Authorised Public Accountant MNE44108

Management's review
Company details

Name	Ejendomsanpartsselskabet Industrivej Nord 13
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	13 96 64 43
Established	9 January 1990
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Operating review

Principal activity

The Company's principal activity is to own and lease out the property Industrivej Nord 13, DK-7400 Herning, which is also carried out in the subsidiary Boilerworks Properties ApS.

The Company is a fully-owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is ARA Trusteeship Company Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Development in activities and financial matters

Management considers the profit for the year, DKK 3,755 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2019/20.

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 1st April 2018 - 31st March 2019
Income statement

	Note	2018/19 DKK'000	2018/19 Rs Lacs	2017/18 DKK'000	2017/18 Rs Lacs
Gross profit		**4,340**	**450.99**	4,251	458.00
Impairment losses and depreciation	4	**-901**	**(93.63)**	-898	(96.75)
Operating profit		**3,439**	**357.36**	3,353	361.25
Profit on investments in subsidiary	5	**1,623**	**168.65**	1,552	167.21
Financial income	2	**297**	**30.86**	197	21.22
Financial expenses		**-1,003**	**(104.23)**	-1,074	(115.71)
Profit before tax		**4,356**	**452.65**	4,028	433.97
Tax on profit for the year	3	**-601**	**(62.45)**	-545	(58.72)
Profit for the year		**3,755**	**390.20**	3,483	375.25
Proposed profit appropriation					
Reserve for net revaluation under the equity method		**1,623**	**168.65**	1,552	167.21
Retained earnings		**2,132**	**221.55**	1,931	208.04
		3,755	**390.20**	3,483	375.25

Statement of Changes in Equity for the period 1st April 2018 to 31st March 2019

	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 2018	200	20.78	3,182	330.66	5,178	538.07	8,657	899.59	17,217	1,789.10
Transfer, see "Proposed profit appropriation"	-	-	-	-	1,623	168.65	2,132	221.55	3,755	390.20
Revaluation of interest rate swap	-	-	-	-	-	-	154	16.00	154	16.00
Tax on changes in equity	-	-	-	-	-	-	(34)	(3.53)	(34)	(3.53)
Reversal on revalutaion	(1,082)	(112.44)	-	-	1,082	112.44	-	-	-	-
Equity at 31 March 2019	200	20.78	2,100	218.22	6,801	706.72	11,991	1,246.04	21,092	2,191.77

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.3915

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.7739

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Balance sheet

	Note	2018/19 DKK'000	2018/19 Rs Lacs	2017/18 DKK'000	2017/18 Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		**25,680**	**2,668.53**	26,581	2,863.80
Investments	5				
Investments in subsidiary		**7,801**	**810.64**	6,178	665.61
		7,801	**810.64**	6,178	665.61
Total non-current assets		**33,481**	**3,479.17**	32,759	3,529.41
Current assets					
Receivables					
Amounts owed by group companies		**9,337**	**970.25**	6,600	711.07
Cash at bank and in hand	8	**8**	**0.83**	10	1.08
Total current assets		**9,345**	**971.08**	6,610	712.15
Total assets		**42,826**	**4,450.25**	39,369	4,241.56
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**20.78**	200	21.55
Reserve for revaluation of land and buildings		**3,182**	**330.66**	3,182	342.82
Reserve for net revaluation under the equity method		**6,801**	**706.72**	5,178	557.87
Retained earnings		**10,909**	**1,133.60**	8,657	932.69
Total equity		**21,092**	**2,191.77**	17,217	1,854.94
Provisions					
Provission for Deferred tax		**2,551**	**265.09**	2,497	269.02
Total provisions		**2,551**	**265.09**	2,497	269.02
Liabilities					
Non-current liabilities other than provisions	6				
Mortgage credit institutions		**11,920**	**1,238.66**	12,836	1,382.93
		11,920	**1,238.66**	12,836	1,382.93
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions	6	**916**	**95.19**	916	98.69
Amounts owed to group enterprises		**3,156**	**327.95**	2,574	277.32
Other payables		**1,939**	**201.49**	2,088	224.96
Deferred income		**1,252**	**130.10**	1,241	133.70
		7,263	**754.73**	6,819	734.67
Total liabilities		**19,183**	**1,993.39**	19,655	2,117.60
Total equity and liabilities		**42,826**	**4,450.25**	39,369	4,241.56

1 Accounting Policies

7 Charges, collateral & contingencies, etc.

8 Related party - ownership

Financial statements for the period 1 April 2018 – 31 March 2019

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2018/19 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subse-quently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Other external expenses

Other external expenses comprise administrative expenses.

Gross profit

Revenue and other external costs are summed up in gross profit in compliance with Section 32 in the Danish Financial Statements Act.

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are in-cluded in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated among the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carry-forwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

Provision has been made for deferred tax on revaluation of investment properties to the extent that the sale hereof at carrying amount will give rise to tax liabilities. The amount has been deducted from the fair value reserve of investment assets.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses and revalued at fair value if any significant changes in the value of land and buildings are recognised. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less expected residual value at the end of the useful life plus any revaluation.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings up to 50 years

In connection with significant changes in the value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. The revaluation is recognised directly in equity. The revaluation is depreciated over the rest useful lives of the assets.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enter-prises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Ejendoms-anpartsselskabet Industrivej Nord 13 are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of non-current assets

The carrying amount of property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depre-ciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company.

Joint taxation contribution payable and receivable is recognised in the balance sheet under Balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Notes to the financial statements

2 Financial expenses

DKK'000	**2018/19**	2017/18
Interest income, group companies	**297**	197
	297	197

3 Tax on profit for the year

Joint taxation contribution for the year	548	441
Adjustment of deferred tax	53	104
	601	**545**

4 Property, plant and equipment

DKK'000	**Land and buildings**
Cost at 1 April 2018	41,408
Cost at 31 March 2019	41,408
Revaluations at 1 April 2018 / 31 March 2019	4,080
Impairment losses and depreciation at 1 April 2018	-18,907
Impairment losses and depreciation for the year	-901
Impairment losses and depreciation at 31 March 2019	-19,808
Carrying amount at 31 March 2019	25,680

5 Investments

DKK'000	2018/19
Cost at 1 April 2018	1,000
Cost at 31 March 2019	1,000
Value adjustments at 1 April 2018	5,178
Net profit for the year	1,623
Value adjustments at 31 March 2019	6,801
Carrying amount at 31 March 2019	7,801

Name	**Rights and ownership**	**Carrying amount**
Group enterprises		
Boilerworks Properties ApS, Herning, Denmark	100 %	7,801

6 Non-current liabilities other than provisions

DKK'000	**Total debt 1/4 2018**	**Total debt 31/3 2019**	**Repayment, next year**	**Long-term portion**	**Outstan-ding debt after 5 years**
Mortgage credit institutions	13,752	12,836	916	11,920	8,254

7 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 25,680 thousand at 31 March 2019 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 12,836 thousand.

The Company has provided guarantees for balances between bank and group related companies to their bank. At 31 March 2019 balances amounted to DKK 204 thousand, forward exchange contracts concerning currency in NOK 3,324 thousand and GBP 649 thousand amounted to a net position as of 31 March 2019 to DKK -90 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 36,336 thousand. (2017/18: DKK 47,717 thousand)

The Company has entered an interest rate swap contract concerning loan amounting to DKK 8,800 thousand, with a net position as of 31 March 2019 of DKK -1,631 thousand. (2017/18: DKK -1,785 thousand).

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Thermax Denmark ApS	Denmark	www.erhvervsstyrelsen.dk
Thermax Ltd.	India	www.thermaxglobal.com

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Board of Directors

Mundt Holger - Managing Director
Jan Enemark
Rabindranath Pillai
Rakesh Tripathi
Shailesh Nadkarni

Registered Office

Bertha - von - suttner - str. 9
28207 Breman, Germany
HRB 3148

Auditors

JFS Treuhand &
Rivision Jendroschek Feindler Schokz
Stefen Rauber
Parkallee 5
28209 Breman, Germany
PR 121

Independent Auditor's Report

To Rifox-Hans Richter GmbH Spezialarmaturen

Audit Opinion

We have audited the annual financial statements of Rifox-Hans Richter GmbH Spezialarmaturen, which comprise the balance sheet, and the statement of profit and loss, for the financial year from April 01, 2018 to March 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company, and of its financial performance for the financial year from April 01, 2018 to March 31, 2019 in compliance with German Legally Required Accounting Principles.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 audit opinion on the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 audit 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 controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our audit opinion on the annual financial statements. 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 be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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."

Bremen, April 26, 2019

Kaiser
(Wirtschaftsprüfer)
(German Public Auditor)

Balance Sheet as at 31 March 2019

ASSETS

	2018-19		2017-18	
	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	**6,148**	**4.77**	7,509	6.03
2. Other equipment, factory and office equipment	**71,546**	**55.50**	71,046	57.06
3. Advance payments	**2,242**	**1.74**	-	-
	79,936	**62.00**	78,555	63.09
B. Current assets				
I. Stocks				
1. Finished goods and unfinished goods	**937,101**	**726.87**	964,408	774.57
2. Advance payments received for projects	**-**	**-**	(50,089)	(40.23)
	937,101	**726.87**	914,319	734.34
II. Debtors and other assets				
1. Trade debtors	**293,028**	**227.29**	461,785	370.89
2. Other assets	**1,119**	**0.87**	29,313	23.54
	294,147	**228.16**	491,099	394.43
III. Cash-in-hand, postal giro balances and bank balances	**2,690**	**2.09**	2,481	1.99
C. Prepaid expenses	**4,471**	**3.47**	21,999	17.67
	1,318,348	**1,022.58**	1,508,456	1,211.52

EQUITY AND LIABILITIES

	2018-19		2017-18	
	EUR	**Rs Lacs**	EUR	Rs Lacs
A. Equity				
I. Subscribed capital	**716,469**	**555.73**	716,469	575.44
II. Unappropriated profits brought forward	**(334,749)**	**(259.65)**	(375,546)	(301.62)
III. Net income for the year	**139,095**	**107.89**	40,797	32.77
	520,815	**403.97**	381,720	306.58
B. Provisions				
Other provisions	**123,512**	**95.80**	127,004	102.00
C. Creditors				
1. Liabilities to banks	**512,467**	**397.50**	599,355	481.38
2. Trade creditors	**103,036**	**79.92**	215,005	172.68
3. Other creditors	**58,518**	**45.39**	185,370	148.88
	674,021	**522.81**	999,731	802.94
-of with taxes : EUR 21711.45 (2017 : TEuro 54)				
	1,318,348	**1,022.58**	1,508,456	1,211.52

Exchange rate : as at 31st Mar 19 is 1 Euro = Rs 77.5655

Exchange rate : as at 31st Mar 18 is 1 Euro = Rs 80.3155

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Income Statement
for the financial year from April 1, 2018 to March 31, 2019

		2018-19		2017-18	
		EUR	**Rs Lacs**	EUR	Rs Lacs
1.	Turnover	**3,320,683**	**2,575.71**	3,355,678	2,695.13
2.	Inventory changes- finished and unfinished goods	**(27,306)**	**(21.18)**	64,615	51.90
3.	Other operating income	**185,498**	**143.88**	179,056	143.81
		3,478,875	**2,698.41**	3,599,349	2,890.84
4.	Cost of materials				
	a) Cost of raw materials, consumables and goods for resale	**817,300**	**633.94**	963,164	773.57
	b) Cost for purchased services	**126,463**	**98.09**	136,058	109.28
		943,763	**732.04**	1,099,223	882.85
5.	Staff costs				
	a) Wages and salaries	**1,570,834**	**1,218.43**	1,638,875	1,316.27
	b) Social security, pension and other benefits	**307,626**	**238.61**	288,827	231.97
		1,878,461	**1,457.04**	1,927,702	1,548.24
6.	Amortisation and depreciation of fixed intangible and tangible assets	**28,937**	**22.44**	28,970	23.27
7.	Other operating charges	469,721	**364.34**	482,404	387.45
		2,377,118	**1,843.83**	2,439,076	1,958.96
8.	Other interest receivable and similar income	**-**	**-**	-	-
9.	Interest payable and other similar charges	**18,898**	**14.66**	20,252	16.27
10.	Profit on ordinary activities	**139,095**	**107.89**	40,798	32.77
11.	Taxes on profit	**-**	**-**	-	-
12.	Profit for the year	**139,095**	**107.89**	40,798	32.77

Notes to the Financial Statements for the financial year 01.04.2018 - 31.03.2019

A. General information on the annual financial statements

The annual financial statements as at 31 March 2019 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.

Low-value assets with acquisition costs of up to Euro 800.00 were fully written off in the year of acquisition.

Stocks were listed at acquisition or production costs. If necessary the lower value on the key balance sheet date was used.

Trade receivables and other assets were valued considering all recognizable risks.

Cash balance and bank accounts were listed at cash value.

To cover the general credit risk and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for all recognizable risks and uncertain liabilities. All recognizable risks were accounted for.

C. Notes to the Balance Sheet

The development of the fixed assets is attached as appendix.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

D. Other Information

In the financial year, an average of 28 employees were employed (previous year 29).

The annual accounts were produced before appropriation of net income.

Bremen, 12. April 2019

Rifox-Hans Richter GmbH Spezialarmaturen

Holger Mundt, Jan Enemark Jensen, Rakesh Rampratap Tripathi, Rabindranath Pillai

Managing Director

Fixed Asset Movement Schedule to March 31, 2019

	Book value April 1, 2018	Additions	Reclassifications	Disposals	Depreciation	Write-up	Book value March 31, 2019
	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	7,509.50	-	-	-	1,361.00	-	6,148.50
2. Other equipment, factory and office equipment	71,045.89	28,084.16	-	9.00	27,575.54	-	71,545.51
3. Advance payments	-	2,242.41	-	-	-	-	2,242.41
	78,555.39	30,326.57	-	9.00	28,936.54	-	79,936.42
	78,556.89	**30,326.57**	**-**	**9.00**	**28,936.54**	**-**	**79,937.92**

THERMAX SDN. BHD.
(Incorporated in Malaysia)

Board of Directors	Registered Office	Auditors
Unnikrishnan Damodaran Kaustubh Pathak	Suite 50-4-3A 4th Floor, Wisma UOA Damansara 50, Jalan Dungun 50490 Kuala Lumpur	Morison Anuaruk Azizan Chew Chartered Accountants 18 Jalan Pinggir 1/64, Jalan Kolam Air, Off Jalan Sultan Azalan Shah (Jalan Ipoh), 51200 Kuala Lumpur, Malaysia

Bankers	Principal place of business
Citi Bank, Malaysia	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 2019.

Principal Activity

The principal activity of the Company is that of undertaking market research and business development in Malaysia.

There has been no significant change in the nature of its principal activity during the financial year.

Financial Results

Profit for the financial year **RM 35,648**

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 and provisions during the financial year other than those disclosed in the financial statements.

Issue of Shares and Debentures

There were no issuances of shares or debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Unnikrishnan Damodaran
Kaustubh Arun Pathak

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	No. of ordinary shares			
	As at 1.4.2018	**Acquired**	**Disposed**	**As at 31.3.2019**
Interest in the immediate holding company - Thermax Limited				
Direct interest				
Unnikrishnan Damodaran	1,750	-	-	1,750

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any 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 9 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 9 to the financial statements.

Other Statutory Information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Company misleading.

No contingent or other liability of the Company has become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Immediate Holding Company

The immediate holding company is Thermax Limited, a company incorporated and domiciled in India.

Ultimate Holding Company

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

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: 29 APR 2019

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 25 are drawn up in accordance with 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 of 31 March 2019 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: 29 APR 2019

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 25 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed KAUSTUBH ARUN)
PATHAK)
at Puchong Selangor)

on this date of 29 APR 2019) 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 financial statements of THERMAX SDN. BHD., which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Director's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Director's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW	SATHIEA SEELEAN A/L MANICKAM
Firm Number: AF 001977	Approved Number: 01729/05/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur wilayah persekultuan
Date: 29 APR 2019

Statement of Financial Position As At 31 March 2019

	Notes	2019 RM	2019 Rs Lacs	2018 RM	2018 Rs Lacs
Non-Current assets					
Property, Plant and Equipment	3	**503**	**0.09**	580	0.10
Current Assets					
Other receivables	4	**38,576**	**6.54**	35,837	6.04
Amount owing by immediate Holding Company	5	**620,927**	**105.24**	733,847	123.74
Amount owing by Director	6	**78**	**0.01**	-	-
Cash & Bank Balance		**164,898**	**27.95**	2,403	0.41
		824,479	**139.74**	772,087	130.19
Current Liabilities					
Other Payables	7	**75,189**	**12.74**	89,698	15.12
Amount owing to a director	6	**-**	**-**	8,015	1.35
Tax Payable		**48,562**	**8.23**	9,371	1.58
		123,751	**20.97**	107,084	18.06
Net Current assets		**700,728**	**118.76**	665,003	112.13
		701,231	**118.85**	665,583	112.23
Financed By:					
Share Capital	8	**500,002**	**84.74**	500,002	84.31
Retained Profits		**201,229**	**34.11**	165,581	27.92
Shareholder's fund		**701,231**	**118.85**	665,583	112.23

Approved by the Board of Directors on 29th April, 2019 and signed on its behalf by:

Unnikrishnan Damodaran
Director

Kaustubh Arun Pathak
Director

Statement of Changes In Equity
For The Financial Year Ended 31 March 2019

	Share Capital RM	Share Capital Rs Lacs	Retained Profits RM	Retained Profits Rs Lacs	Total RM	Total Rs Lacs
At 1 April 2018	500,002	84.31	165,581	27.93	665,583	112.24
Profit / Total comprehensive income for the year	-	-	35,648	6.04	35,648	6.04
At 31 March 2019	**500,002**	**84.31**	**201,229**	**33.97**	**701,231**	**118.28**
At 1 April 2017	500,002	84.31	156,729	26.43	656,731	110.74
Profit / Total comprehensive income for the year	-	-	8,852	1.50	8,852	1.50
At 31 March 2018	**500,002**	**84.31**	**165,581**	**27.93**	**665,583**	**112.24**

Statement of Profit or Loss And other Comprehensive Income
For The Financial Year Ended 31 March 2019

	Notes	2019 RM	2019 Rs Lacs	2018 RM	2018 Rs Lacs
Revenue		-	-	-	-
Other Operating income		**1,699,637**	**288.06**	1,338,967	225.77
Administration Expenses		**(1,583,208)**	**(268.33)**	(1,287,445)	(217.08)
Profit Before Taxation	9	**116,429**	**19.73**	51,522	8.69
Taxation	10	**(80,781)**	**(13.69)**	(42,670)	(7.19)
Profit / Total comprehensive income for the financial year		**35,648**	**6.04**	8,852	1.49

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2019 is 1 RM = Rs 16.95
Exchange Rate : as at 31 March 2018 is 1 RM = Rs 16.86

Statement of Cash Flows
For The Financial Year Ended 31 March 2019

	2019 RM	2019 Rs Lacs	2018 RM	2018 Rs Lacs
Cash Flows From Operating Activities				
Profit before taxation	**116,429**	**19.73**	51,522	8.69
Adjustments for:-				
Depreciation of property, plant and equipment	**77**	**0.01**	77	0.01
Impairment loss on deposit	**1,500**	**0.25**		
Operating profit before working capital changes	**118,006**	**20**	51,599	8.70
Changes in working capital				
Other receivables	**(4,239)**	**(0.72)**	(15,067)	(2.54)
Amount owing by immediate holding company	**112,920**	**19.14**	(168,189)	(28.36)
Other Payables	**(14,509)**	**(2.46)**	38,489	6.49
Amount Owing to a Director	**(8,093)**	**(1.37)**	8,015	1.35
	86,079	**14.59**	(136,752)	(23.06)
Cash used in operations	**204,085**	**34.59**	(85,153)	(14.36)
Tax paid	**(41,590)**	**(7.05)**	(39,888)	(6.73)
Net cash used in operating activities	**162,495**	**27.54**	(125,041)	(21.08)
Cash flows from investing activities				
Purchase of property, plant and equipment	**-**	**-**	-	-
	-	**-**	-	-
Net decrease in cash and cash equivalents	**162,495**	**27.54**	(125,041)	(21.08)
Cash and cash equivalents at the beginning of the financial year	**2,403**	**0.41**	127,444	21.49
Cash and cash equivalents at end of the financial year	**164,898**	**27.95**	2,403	0.41
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	**164,898**	**27.95**	2,403	0.41

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is that of undertaking market research and business development in Malaysia. There has been no significant change in the nature of its principal activity during the financial year.

The registered office and principal place of business of the Company is located at Suite 50-4-3A, 4th Floor, Wisma UOA Damansara, 50, Jalan Dungun Damansara Heights, 50490 Kuala Lumpur.

The Company is a private limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia.

The immediate holding company is Thermax Limited, a company incorporated and domiciled in India.

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MPERS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. 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(b) to the financial statements.

(b) Significant accounting estimates and judgements

Accounting estimates and assumptions concerning the future and judgements are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or 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 discussed below.

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in profit or loss.

(ii) Depreciation and impairment

Property, plant and equipment are depreciated on the straight line method to allocate the cost less its residual values over their estimated useful lives as follows:

Office equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

If there is an indication that there have been a significant change since the previous reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its current estimates. If current expectations differ, the Company would amend the residual value, amortisation method or useful life to reflect the new pattern of consuming the asset's future economic benefits.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(e) Financial instruments

(i) Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss. For financial instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For financial instruments that constitute a financing transaction, the financial instrument is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Gains and losses

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- returns to the holder are fixed or determinable;
- there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods; and
- prepayment option, if any, is not contingent on future events.

Investments in non-puttable ordinary shares, and investments in non-convertible and non-puttable preference shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

Impairment of financial assets

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to impairment review.

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is recognised in profit or loss when they arise.

An impairment loss in respect of an instrument measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost less impairment is measured as the difference between the financial asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iii) Derecognition of financial instruments

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when it is extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. A substantial modification in the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the considerable paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Share capital

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.

(g) Leases – Accounting by lessee

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases of assets where 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 the straight line basis over the lease period.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(h) Current and deferred income tax

Income tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

THERMAX SDN. BHD.
(Incorporated in Malaysia)

3. Property, Plant and Equipment

	Office equipment RM
Cost	
At 1.4.2018/ 31.3.2019	770
Accumulated depreciation	
At 1.4.2018	190
Charge for the financial year	77
At 31.3.2019	267
Carrying amount	
At 31.3.2019	503
At 31.3.2018	580
Depreciation charge for the financial year ended 31.3.2018	77

4. Other Receivables

	2019 RM	2018 RM
Other receivable	**16,883**	12,643
Deposit	**21,693**	23,194
	38,576	35,837

5. Amount Owing by Immediate Holding Company

This represents non-trade in nature, unsecured, interest-free advances and repayable on demand.

6. Amount Owing by/(to) a Director

This represents non-trade in nature, unsecured, interest-free advances and repayable on demand.

	2019 RM	2018 RM
Amount owing by/(to) a Director	**78**	(8,015)

7. Other Payables

	2019 RM	2018 RM
Other payables	**-**	34,348
Accruals	**75,189**	55,350
	75,189	89,698

8. Share Capital

	Number of ordinary shares		Amount	
	2019 Units	**2018 Units**	**2019 RM**	**2018 RM**
Issued and fully paid				
At beginning/end of the financial year	500,002	500,002	500,002	500,002

9. Profit before Taxation

Profit before taxation is derived after charging:

	2019 RM	2018 RM
Auditors' remuneration		
- Current year	**5,400**	5,400
- Under provision in prior year	**100**	-
Directors' remuneration	**426,439**	402,807
Depreciation of property, plant and equipment	**77**	77
Impairment loss on deposit	**1,500**	19,600
Rental		
- Office	**12,000**	21,137
- Others	**9,750**	21,533

10. Taxation

	2019 RM	2018 RM
Current taxation:		
- Current year	**60,328**	21,137
- Under provision in prior year	**20,453**	21,533
	80,781	42,670

Income tax is calculated at the statutory rate of 24% (2018: 24%) on the chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:

	2019 RM	2018 RM
Profit before taxation	**116,429**	51,522
Taxation on statutory tax rate of 24% (2018: 24%)	**27,943**	12,365
Expenses not deductible for tax purposes	**32,385**	8,772
Under provision of taxation in prior year	**20,453**	21,533
Taxation for the financial year	**80,781**	42,670

11. Staff Information

	2019 RM	2018 RM
Staff costs (excluding Directors)	**737,477**	497,506

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM6,640 (2018: RM4,154).

The total number of employees of the Company (excluding Directors) at the end of the financial year was 4 (2018: 3).

12. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions are as follows:

	2019 RM	2018 RM
Administration fee charged to immediate holding company	**1,697,575**	1,338,967

13. Financial Instruments

The table below provides an analysis of financial instruments and their categories in which they are subsequently measured:

	2019 Amortised costs RM	2018 Amortised costs RM
Financial assets		
Other receivables	**38,576**	35,837
Amount owing by immediate holding company	**620,927**	733,847
Amount owing by a Director	**78**	-
Cash and bank balances	**164,898**	2,403
	824,479	772,087
Financial liabilities		
Other payables	**75,189**	89,698
Amount owing to a Director	**-**	8,015
	75,189	97,713

14. Date of Authorisation for Issue

The financial statements of the Company for the financial year 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2019.

BOILERWORKS A/S

Board of Directors	*Registered Office*	*Auditors*
Hemant Prabhakar Mahagaonkar (Chairman) Amitabha Mukhopadhyay (Vice Chairman) Jan Enemark	Papegøjevej 7 DK - 6270 Tønder	Emst & Yound Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg

Executive Directors

Jan Enemark

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Boilerworks A/S for the financial year 1 April 2018 – 31 March 2019

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 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019.

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, 16 May 2019

Executive Board:

Jan Enemark

Board of Directors:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman	Jan Enemark

Independent auditor's report

To the shareholders of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations and cash flows for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BOILERWORKS A/S

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorised Public Accountant mne35420	Claes Jensen State Authorised Public Accountant mne44108

Management's review

Company details

Name	Boilerworks A/S
Address	Papegøjevej 7
Zip code, city	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	**2018/19**	**2017/18**	**2016/17**	**2015/16**	**2014/15**
Key figures					
Gross profit	**-4,199**	**13,086**	8,800	11,773	7,893
Ordinary operating profit/loss	**-17,055**	**52**	-2,619	429	-2,871
Profit/loss before tax	**-17,687**	**129**	-2,770	66	-3,231
Profit/loss for the year	**-13,797**	**106**	-2,164	191	-2,376
Total assets	**38,126**	**36,777**	27,428	26,566	23,279
Investment in property, plant and equipment	**1,045**	**308**	789	660	218
Equity	**-13,284**	**615**	355	2,531	2,311
Financial ratios					
Equity ratio	–	**1.7**	1.3	9.5	9.9
Return on equity	–	**21.9**	-149.9	7.9	-67.5
Average number of full-time employees	**82**	**82**	82	78	70

Financial ratios are calculated in accordance with the recommendations of the Danish. 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 overall results achieved by Boilerworks this year are lower than provided for in the budget. The result achieved is not satisfactory, and is mainly caused by major overruns in 3 projects.

The profit for the year before tax is DKK -17,687 thousand and after tax DKK -13,797 thousand.

Management is aware that the Company is subject to the capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through future earnings.

Future outlook

Boilerworks' total volume of orders at the end of the financial year is satisfactory.

Boilerworks will focus on the Lean concept, the optimiszation process in general and the order fulfilment process in particular.

The aim is to generate a profitable, strong and independent enterprise at Boilerworks. The Management will work to maintain an attractive work place with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are delivered in the quality and at the time and prices agreed.

Moreover, Boilerworks aims at achieving optimal utilization of the production facilities.

The Management of Boilerworks is of the opinion that the Company is not facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on 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 2019/20.

Events after the balance sheet date

A merger of Boilerworks A/S and Danstoker A/S is being planned.

The Management is of the opinion that from the balance sheet date until today, no other events have occurred which could alter the assessment of the annual report substantially.

Financial statements 1 April 2018 – 31 March 2019

Balance Sheet at 31 March 2019

	Note	2018/19		2017/18	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	4				
Development completed		**2,296**	**247.37**	–	–
Patents and licences		**8**	**0.86**	28	3.02
Goodwill		**1,487**	**160.21**	1,593	171.63
		3,791	**408**	1,621	174.64
Property, plant and equipment	5				
Plant and machinery		**1,146**	**123.47**	1,306	140.71
Fixtures and fittings, tools and equipment		**381**	**41.05**	287	30.92
		1,527	**164.52**	1,593	171.63
Total non-current assets		**5,318**	**572.95**	3,214	346.27
Current assets					
Inventories					
Raw materials and consumables		**2,298**	**247.58**	2,191	236.06
Semi Finished Goods		**388**	**41.80**	293	31.57
		2,686	**289.39**	2,484	267.62
Receivables					
Trade receivables		**6,714**	**723.36**	3,192	343.90
Work in progress (customer-specific orders)	6	**14,000**	**1,508.34**	23,600	2,542.63
Amounts owed by group enterprises		**6,309**	**679.72**	2,612	281.41
Other receivables		**848**	**91.36**	1,194	128.64
Prepayments	7	**232**	**25.00**	481	51.82
		28,103	**3,027.78**	31,079	3,348.41
Cash at bank and in hand		**2,019**	**217.52**	–	–
Total current assets		**32,808**	**3,534.69**	33,563	3,616.03
Total assets		**38,126**	**4,107.64**	36,777	3,962.30
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**53.87**	500	53.87
Contributed premium		**1,791**	**192.96**	–	–
Retained earnings		**(15,575)**	**(1,678.03)**	115	12.39
Total equity		**(13,284)**	**(1,431.20)**	615	66.26
Provisions					
Deferred tax	8	**1,155**	**124.44**	1,613	173.78
Other provisions	9	**300**	**32.32**	729	78.54
Total provisions		**1,455**	**156.76**	2,342	252.32
Liabilities					
Non-current liabilities other than provisions					
Lease liabilities	10	**720**	**77.57**	76	8.19
		720	**77.57**	76	8.19
Current liabilities					
Current portion of non-current liabilities other than provisions	10	**235**	**25.32**	25	2.69
Bank loans		**5,998.00**	**646.22**	8,241	887.87
Prepayments received from customers	8	**4,259**	**458.86**	2,881	310.39
Trade payables		**7,351**	**791.99**	11,343	1,222.08
Amounts owed to group enterprises		**22,793**	**2,455.69**	1,862	200.61
Other payables		**8,599**	**926.44**	9,392	1,011.88
		49,235	**5,304.51**	33,744	3,635.53
Total liabilities		**49,955**	**5,382.08**	33,820	3,643.72
Total Equity And liabilities		**38,126**	**4,107.64**	36,777	3,962.30
Accounting policies	1				
Employee relations	11				
Charges, collateral and contingencies, etc.	12				
Related party - ownership	13				

Income Statement

	Note	2018/19		2017/18	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs
Gross profit		**(4,199)**	**(452.39)**	13,086	1,409.87
Sales and distribution costs		**(2,064)**	**(222.37)**	(943)	(101.60)
Administrative expenses		**(10,792)**	**(1,162.71)**	(12,092)	(1,302.78)
Operating (Loss)/ Profit		**(17,055)**	**(1,837.48)**	52	5.49
Financial income		**1,676**	**180.57**	1,130	121.74
Financial expenses	2	**(2,308)**	**(248.66)**	(1,053)	(113.45)
Profit / (Loss) before tax		**(17,687)**	**(1,905.57)**	129	13.79
Tax on profit / (loss) for the year	3	**3,890**	**419.10**	(23)	(2.48)
Profit / (Loss) for the year		**(13,797)**	**(1,486.47)**	106	11.31

Statement of Changes in Equity

	Note	Share capital		Reserve for development		Retained earnings		Total	
		DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1 April 2018		500	53.87	–	–	115	12.39	615	66.26
Transferred		–	–		–		–	–	
Transfer see "Proposed profit / loss appropriation"	14	–	–	1,791	192.96	(15,588)	(1,679.43)	(13,797)	(1,486.47)
Change in value of hedging instruments		–	–	–	–	(130)	(14.01)	(130)	(14.01)
Tax on changes in equity		–	–	–	–	28	3.02	28	3.02
Equity at 31 March 2019		500	53.87	1,791	192.96	(15,575)	(1,678.03)	(13,284)	(1,431.20)

The contributed capital consists of 1 share at a nominal value of DKK 500,000

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.391

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.774

Financial statements 1 April 2018 – 31 March 2019
Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for the period 1 April 2018 – 31 March 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Cash flow statements have not been prepared as the same are not required as per section 86(4) of the Danish Financial Statements Act. The annual report of Boilerworks A/S is part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The financial statements have been prepared in accordance with the same accounting policies as last year.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are 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.

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.

Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit or loss from ordinary activities

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carry-forwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Plant and machinery	3-10 years

Depreciation is recognised in the income statement as production costs (gross profit), sales/ distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations by a transfer directly to the distributable reserves under 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

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 Financial expenses

DKK'000	2018/19	2017/18
Interest expense to group enterprises	**51**	35
Other interest expenses, including foreign exchange losses, etc.	**2,257**	1,018
	2,308	1,053

3 Tax on profit/loss for the year

DKK'000	2018/19	2017/18
Specified as follows:		
Current tax for the year	**-3,432**	-72
Deferred tax adjustment for the year	**-458**	95
	-3,890	23

4 Intangible assets

DKK'000	Completed development projects	Patents and licences	Goodwill	Total
Cost at 1 April 2018	210	1,019	2,116	3,345
Additions during the year	2,924	0	0	2,924
Disposals during the year	0	-227	0	-227
Cost at 31 March 2019	3,134	792	2,116	6,042
Impairment losses and depreciation at 1 April 2018	210	990	523	1,723
Depreciation, disposals	0	-227	0	-277
Depreciation	628	21	106	755
Impairment losses and depreciation at 31 March 2019	838	784	629	2,251
Carrying amount at 31 March 2019	2,296	8	1,487	3,791

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.

Development costs are recognized based on expectations for future earnings generated from development projects.

5 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2018	8,416	697	9,113
Additions during the year	848	197	1,045
Disposals during the year	-1,639	0	-1,638
Cost at 31 March 2019	7,625	894	8,520
Impairment losses and depreciation at 1 April 2018	7,109	410	7,519
Depreciation	842	103	946
Depreciation, disposals	-1,472	0	-1,472
Impairment losses and depreciation at 31 March 2019	6,479	513	6,993
Carrying amount at 31 March 2019	1,146	381	1,527
Property, plant and equipment include finance leases with a carrying amount totalling	695	225	920

6 Work in progress (customer specific orders)

DKK'000	2018/19	2017/18
Work in progress	**170,301**	122,891
Payments on account	**-160,560**	-102,172
	9,741	20,719
Recognised as follows:		
Work in progress (customer specific orders) (assets)	**14,000**	23,600
Prepayments received from customers (liabilities)	**-4,259**	-2,881
	9,741	20,719

7 Prepayments

Prepayments comprise prepaid insurance premium, and other prepaid costs.

8 Deferred tax

DKK'000	2018/19	2017/18
Deferred tax at 1 April	**1,613**	1,518
Deferred tax adjustment	**-458**	95
Deferred tax at 31 March	**1,155**	1,613

9 Other provisions

Other provisions consists of custom warranties.

10 Non-current liabilities

DKK'000	Total liabilities at 31/03 2019	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Lease liabilities	955	235	720	0
	955	235	720	0

11 Employee relations

DKK'000	2018/19	2017/18
Wages and salaries	**43,568**	40,769
Pensions	**2,696**	2,589
Other social security costs	**185**	187
	46,449	43,545
Remuneration of the Executive Board and the Board of Directors	**0**	0
Average number of full-time employees	**82**	82

12 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 30 months total DKK 235 thousand, hereof DKK 94 thousand is falling due in 2019/20.

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 33,939 thousand.

The Company has entered project-related forward exchange contracts, concerning currency in SEK 39,886 thousand with a net position as of 31 March 2019 of DKK 43 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.

13 Related parties

Boilerworks A/S' related parties comprise the following:

Parties exercising control

Danstoker A/S holds the majority of the share capital in the Company.

Related party transactions

Transactions with related parties are specified as follows:

DKK'000	2018/19	2017/18
Financial expenses	**51**	35
Revenue	**6,398**	7,154
Production costs	**3,999**	3,259
Rent	**2,040**	2,040
Amounts owed by group companies (Receivables)	**6,309**	2,612
Amounts owed to group companies (Liabilities)	**22,793**	1,862

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

14 Proposed profit/loss

DKK'000	2018/19	2017/18
Transferred to reserves for development projects	**1,791**	0
Transferred to reserves under equity	**-15,588**	106
	-13,797	106

BOILERWORKS PROPERTIES ApS

Executive Board	*Registered Office*	*Auditors*
Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay	Boilerworks Properties ApS Industrivej Nord 13 DK - 7400 Herning	Ernst & Young Godkendt Revisionspartnerselskb Havnegade 33 DK - 6700 Esbjerg

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Boilerworks Properties ApS for the financial year 1 April 2018 – 31 March 2019.

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 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019.

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, 16 May 2019
Executive Board:

Hemant Prabhakar Mohgaonkar   Amitabha Mukhopadhyay

Independent auditor's report

Independent auditor's report

To the shareholders of Boilerworks Properties ApS

Opinion

We have audited the financial statements of Boilerworks Properties ApS for the financial year 1 April 2018 – 31 March 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of the results of the Company's operations for the financial year 1 April 2018 – 31 March 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorized Public Accountant MNE35420	Claes Jensen State Authorized Public Accountant MNE44108

Management's review

Company details

Name	Boilerworks Properties ApS
Address	Industrivej Nord 13
Zip code, city	DK-7400 Herning
CVR no.	35 22 67 61
Established	12 April 2013
Registered office	Herning
Financial year	1 April – 31 March
Executive Board	Hemant Prabhakar Mohgaonkar Amitabha Mukhopadhyay
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Management's review

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 1,623 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2019/20.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

BOILERWORKS PROPERTIES ApS

Financial Statements for the year 1 April 2018 to 31 March 2019

Income Statement

	Note	2018/19 DKK'000	2018/19 Rs Lacs	2017/18 DKK'000	2017/18 Rs Lacs
Gross profit		**1,986**	**206.37**	1,986	213.97
Impairment losses and depreciation	4	**(126)**	**(13.09)**	(126)	(13.58)
Operating profit		**1,860**	**193.28**	1,860	200.39
Financial income	2	**221**	**22.97**	129	13.90
Financial expenses		**-**	**-**	-	-
Profit before tax		**2,081**	**216.25**	1,989	214.29
Tax on profit for the year	3	**(458)**	**(47.59)**	(437)	(47.08)
Profit for the year		**1,623**	**168.65**	1,552	167.21
Proposed profit appropriation					
Proposed dividend		**-**	**-**	-	-
Retained earnings		**1,623**	**168.65**	1,552	167.21
		1,623	**168.65**	1,552	167.21

Balance Sheet at 31 March 2019

	Note	2018/19 DKK'000	2018/19 Rs Lacs	2017/18 DKK'000	2017/18 Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		**3,838**	**398.82**	3,964	427.08
Total non-current assets		**3,838**	**398.82**	3,964	427.08
Current assets					
Receivables					
Amount owed by group enterprises		**6,518**	**677.32**	4,340	467.59
Prepayments		**33**	**3.43**	-	-
Cash at bank and in hand		**214**	**22.24**	218	23.49
Total current assets		**6,765**	**702.98**	4,558	491.07
Total assets		**10,603**	**1,101.81**	8,522	918.15
EQUITY AND LIABILITIES					
Equity					
Share capital		**80**	**8.31**	80	8.62
Contributed premium		**-**	**-**	-	-
Retained earnings		**7,721**	**802.32**	6,098	656.99
Total equity		**7,801**	**810.64**	6,178	665.61
Provisions					
Provisions for deferred tax		**17**	**1.77**	11	1.19
Total Provisions		**17**	**1.77**	11	1.19
Liabilities					
Current Liabilities other than provisions					
Amounts owed to group companies		**2,629**	**273.19**	2,177	234.55
Other payables		**156**	**16.21**	156	16.81
Total liabilities		**2,785**	**289.40**	2,333	251.35
TOTAL EQUITY AND LIABILITIES		**10,603**	**1,101.81**	8,522	918.15

1 Accounting policies

5 Charges, collateral and contingencies, etc.

6 Related party

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 2018	80	8.31	-	-	6,098	633.67	6,178	641.98
Transferred	-	-	-	-	1,623	168.65	1,623	168.65
Transfer, see "Proposed profit appropriation"	-	-	-	-	-	-	-	-
Equity at 31 March 2019	80	8.31	-	-	7,721	802.32	7,801	810.64

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.3915

Exchange rate : as at 31st Mar 18 is 1 DKK = Rs 10.7738

Financial statements for the year 1 April 2018 – 31 March 2019

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks Properties ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

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 expenses relating to the profit/loss for the year is recognised in the income statement, and the tax expenses relating to income and expenses recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses and revalued at fair value if any significant changes in the value of land and buildings are recognised. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less expected residual value at the end of the useful life plus any revaluation.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings up to 30 years

In connection with significant changes in the value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. The revaluation is recognised directly in equity. The revaluation is depreciated over the rest useful lives of the assets.

Gains or losses on the disposal of property, plant and equipment are determined as the difference 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 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.

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.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company.

Joint taxation contribution payable and receivable is recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements for the year 1 April 2018 – 31 March 2019

Notes to the financial statements

	DKK'000	**2018/19**	2017/18
2	**Financial income**		
	Interest income, group companies	221	129
		221	129
3	**Tax on profit for the year**		
	Joint taxation contribution for the year	452	432
	Adjustment of deferred tax assets	6	5
		458	437

4 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2018	4,623
Cost at 31 March 2019	4,623
Impairment losses and depreciation at 1 April 2018	-659
Impairment losses and depreciation for the year	-126
Impairment losses and depreciation at 31 March 2019	-785
Carrying amount at 31 March 2019	3,838

5 Charges, collateral and contingencies etc.

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Mortgage registered to the owner, nominal DKK 500 thousand, is held by the company.

6 Related parties

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 Prabhakar Mohgaonkar Ha Ling-Ling Pheroz Naswanjee Pudumjee	100 Beach Road, # 30-00, Show Towers, Singapore 189702	Pricewaterhouse Coopers LLP 8 Cross Street, # 17-00, PWC Building Singapore 048424

Directors' Statement

For the financial year ended 31 March 2019

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2019.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are as follows :

Amitabha Mukhopadhyay
Hemant Prabhakar Mohgaonkar
Ha Ling-Ling
Pheroz Naswanjee Pudumjee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in Name of Director	
	At 31.03.2019	**At 1.4.2018**
Pheroz Naswanjee Pudumjee		
Immediate Holding Corporation		
- Thermax Limited	6,000	6,000
Amitabha Mukhopadhyay		
Immediate Holding Corporation		
- Thermax Limited	450	450

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Amitabha Mukhopadhyay	Hemant Prabhakar Mohgaonkar
Director	Director

Date: 17 May 2019

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 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 March 2019;
- the balance sheet as at 31 March 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment 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: 17 May 2019

Statement of Comprehensive Income

For the financial year ended 31 March 2019

PARTICULARS	Notes	For the financial year ended 31 March 2019		For the financial year ended 31 March 2018	
		USD	Rs Lacs	USD	Rs Lacs
Currency exchange loss - net		**(361)**	**(0.25)**	(921)	(0.60)
		(361)	**(0.25)**	(921)	(0.60)
EXPENSES					
– Professional and Legal Fees		**19,838**	**13.72**	49,693	32.38
– Bank charges		**2,050**	**1.42**	1,336	0.87
– Others		**2,674**	**1.85**	2,504	1.63
Total Expenses		**24,562**	**16.98**	53,533	34.89
Loss before tax		**(24,923)**	**(17.23)**	(54,454)	(35.49)
Income tax expense	4	–	–	–	–
Loss after tax and total comprehensive loss		**(24,923)**	**(17.23)**	(54,454)	(35.49)

Balance Sheet as at 31 March 2019

PARTICULARS	Notes	2019		2018	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Current assets					
Cash & cash equivalents	5	**2,964,257**	**2,049.78**	583,164	380.05
Other current assets	6	**3,502**	**2.42**	3,815	2.49
		2,967,759	**2,052.21**	586,979	382.53
Non-current assets					
Investments in a subsidiaries	7	**19,963,155**	**13,804.52**	17,186,166	11,200.22
Total assets		**22,930,914**	**15,856.73**	17,773,145	11,582.76
LIABILITIES					
Current liabilities					
Other payables	8	**8,483**	**5.87**	10,147	6.61
Total liabilities		**8,483**	**5.87**	10,147	6.61
Net assets		**22,922,431**	**15,850.86**	17,762,998	11,576.15
Equity					
Share capital	9	**22,984,356**	**15,893.68**	17,800,000	11,600.26
Accumulated Losses		**(61,925)**	**(42.82)**	(37,002)	(24.11)
Total Equity		**22,922,431**	**15,850.86**	17,762,998	11,576.15

Exchange Rate : as at 31 March 2019 is 1 USD = Rs 69.15

Exchange Rate : as at 31 March 2018 is 1 USD = Rs 65.17

The accompanying notes form an integral part of these financial statements.

THERMAX ENGINEERING SINGAPORE PTE LTD

Statement of Changes in Equity

For the financial year ended 31 March 2019

	Share Capital		Accumulated Losses		Total Equity	
2019	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Beginning of financial year	17,800,000	12,308.70	(37,002)	(25.59)	17,762,998	12,283.11
Shares issued during the year	5,184,356	3,584.98	–	–	5,184,356	3,584.98
Total comprehensive loss	–	–	(24,923)	(17.23)	(24,923)	(17.23)
End of financial year	**22,984,356**	**15,893.68**	**(61,925)**	**(42.82)**	**22,922,431**	**15,850.86**
2018						
Beginning of financial year	16,800,000	11,617.20	17,452	12.07	16,817,452	11,629.27
Shares issued during the year	1,000,000	691.50	–	–	1,000,000	691.50
Total comprehensive loss	–	–	(54,454)	(37.65)	(54,454)	(37.65)
End of financial year	**17,800,000**	**12,308.70**	**(37,002)**	**(25.59)**	**17,762,998**	**12,283.11**

Statement of Cash Flows

For the financial year ended 31 March 2019

PARTICULARS	**Notes**	**For the financial year ended 31 March 2019**		**For the financial year ended 31 March 2018**	
		USD	**Rs Lacs**	**USD**	**Rs Lacs**
Cash Flow from operating activities					
Loss after tax		(24,923)	(17.23)	(54,454)	(35.49)
		(24,923)	**(17.23)**	(54,454)	(35.49)
Changes in working capital:					
– Other Current assets		**313**	**0.22**	765	0.50
– Other Payables		(1,664)	**(1.15)**	123	0.08
Cash used in operations		**(26,274)**	**(18.17)**	(53,566)	(34.91)
Income Tax Paid		**–**	**–**	–	–
Net cash used in by operating activities		**(26,274)**	**(18.17)**	(53,566)	(34.91)
Cash Flows from investing activities					
Capital injection in subsidiaries		**(2,776,989)**	**(1,920.29)**	(1,263,158)	(823.20)
Net cash used in investing activities		**(2,776,989)**	**(1,920.29)**	(1,263,158)	(823.20)
Cash Flows from financing activities					
Proceeds from issuance of ordinary shares		**5,184,356**	**3,584.98**	1,000,000	651.70
Net cash provided by financing activity		**5,184,356**	**3,584.98**	1,000,000	651.70
Net increase/(decrease) in cash and cash equivalents		**2,381,093**	**1,646.53**	(316,724)	(206.41)
Cash and cash equivalents at beginning of financial year	5	**583,164**	**403.26**	899,888	586.46
Cash and cash equivalents at end of financial year	5	**2,964,257**	**2,049.78**	583,164	380.05

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 100 Beach Road, #30-00, Shaw Towers, Singapore 189702.

The principal activity of the Company is that of an investment holding company.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 April 2018, 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 Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

Adoption of FRS 109 Financial Instruments

The Company has adopted the new standard using the modified retrospective approach with cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for financial year ended 31 March 2018 are not restated.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.4.

The effects on adoption of FRS 109 are as follows:

(i) Classification and measurement of financial assets

The Company measures their financial assets at amortised cost and financial asset at FVPL under FRS 109 as disclosed in Note 2.4.

(ii) Impairment of financial assets

The Company has the following financial assets subject to the expected credit loss impairment model under FRS 109:

- Cash and cash equivalents
- Deposits

The impairment methodology for each of these classes of financial assets under FRS 109 are disclosed in Note 2.4 and Note 10(b). There is no additional impairment allowance recognised for these financial assets as at 1 April 2018 on adoption of FRS 109.

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Thermax Limited, incorporated in India, which produces consolidated financial statements available for public use. The registered office of Thermax Limited is D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019, India.

2.2 Investment in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment loss in the Company's balance sheet. On disposal of investment in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.3 Impairment of non-financial assets

Investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.4 Financial assets

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

Loans and receivables

Cash and cash equivalents

Deposits

Cash and cash equivalents and deposits 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.

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

The Company classifies its financial assets at amortised cost.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) *At subsequent measurement*

Debt instruments of the Company mainly comprise of cash and cash equivalents and deposits.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

For cash and cash equivalents and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.5 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.7 Currency translation

The financial statements are presented in United States Dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'currency exchange loss – net'. 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. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of investment in subsidiaries

In determining whether an investment in a subsidiaries is other than temporarily impaired, the management follows the guidance of FRS 36 which requires the assumption made regarding the duration and extent to which the fair value of an investment is less than its costs and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The management carries out a review of the recoverable amount of its investment in subsidiaries when there is an indication of impairment. In an impairment review, the recoverable amount of the relevant investment in subsidiaries has been determined using a combination of factors including the basis of their net assets value as at the end of the period and estimation of value-in-use of the cash generating unit. The carrying amount of investment in a subsidiaries as at 31 March 2019 is $19,963,155 (2018:$17,186,166) (Note 7).

4. Income tax

	2019	2018
	US$	US$
Tax expense attributable to profit is made up of:		
– Foreign withholding taxes	–	–

The tax expense on the loss differs from the theoretical amount that would arise using the Singapore Standard rate of income tax as follows:

	2019	2018
	US$	US$
Loss before tax	(24,923)	(54,454)
Tax calculated at a tax rate of 17% (2018: 17%)	(4,237)	(9,257)
Effects of:		
– Deferred tax asset not recognised	4,237	9,257
– Foreign withholding taxes	–	–
Tax charge	–	–

5. Cash and cash equivalents

	2019	2018
	US$	US$
Cash at bank	2,964,257	583,164

6. Other current assets

	2019	2018
	US$	US$
Deposits	3,502	3,815

7. Investment in subsidiaries

	2019	2018
	US$	US$
Equity investments at cost		
Beginning of financial year	17,186,166	15,923,008
Additions	2,776,988	1,263,158
End of financial year	19,963,154	17,186,166

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activity	Country of business / incorporation	Equity holding 2019 %	Equity holding 2018 %
PT Thermax International Indonesia	Manufacture of component parts	Indonesia	99.996	99.995
Thermax Energy & Environment Philippines Corporation	Marketing and sales of component parts	Philippines	100*	100*
Thermax Energy & Environment Lanka (Private) Limited	Marketing and sales of component parts	Sri Lanka	100	100

* 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.

8. Other payables

	2019	2018
	US$	US$
Accrual for operating expenses	8,483	10,147

9. Share capital

	No. of ordinary shares, with no par value	Amount
		US$
2019		
Balance at 1 April 2018	17,800,000	17,800,000
Issuance of ordinary shares	5,184,356	5,184,356
Balance at 31 March 2019	**22,984,356**	**22,984,356**
2018		
Balance at 1 April 2017	16,800,000	16,800,000
Issuance of ordinary shares	1,000,000	1,000,000
Balance at 31 March 2018	**17,800,000**	**17,800,000**

During the financial year, the Company issued 5,184,356 (2018: 1,000,000) ordinary shares for a total consideration of US$5,184,356 (2018: US$1,000,000). The newly issued shares rank pari passu in all respects with the previously issued shares.

10. Financial risk management

Financial risk factors

The Company's activities exposed it to market risk (including currency 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

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.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

(i) *Risk management*

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

(ii) Credit rating

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These two categories reflect the respective credit risk and how the loss provision is determined for each of those categories:

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Low credit risk	– Low risk of default – Strong capacity to meet cash obligations	12 month expected credit losses
High credit risk	– There is significant increase in credit risk (i.e. if repayment are 120 days past due)	Lifetime expected credit losses

Cash and cash equivalents and deposits are subject to insignificant credit loss.

(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 manages its capital structure at least annually to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from prior year.

The Company is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The carrying values of the financial assets and financial liabilities at amortised cost of the Company approximate to their fair values.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	2018
	US$
Financial assets, at amortised cost	2,967,759
Financial liabilities, at amortised cost	8,483

	2017
	US$
Loans and receivables	586,979
Financial liabilities, at amortised cost	10,147

11. Related party transactions

There is no compensation made to directors of the Company as the directors have employment relationship only with related corporations and received no compensation from the Company during the financial year.

12. 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.

13. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2019 and which the Company has not early adopted:

(a) FRS 116 Leases (effective for annual periods beginning on or after 1 April 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

As at the reporting date, the Company has no non-cancellable operating lease commitments. The Company anticipates that the adoption of this standard will not have a material impact on the financial statements of the Company in the period of its initial adoption.

(b) INT FRS 123 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 April 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and;

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 April 2019.

14. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Thermax Engineering Singapore on 17 May 2019.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner

Amitabha Mukhopadhyay
Commissioner

Board of Directors

Jawahar Harinarayanan
President Director
Hemant Mohgaonkar
Director
Rakesh Rampratap Tripathi
Director

Registered Office

Menara Palma 9th Floor Unit 9-02B/03,
Jl. H.R. Rasuna Said Blok. X Kav. 6,
South Jakarta 12950.

Auditors

Purwantono, Sungkoro &
Surja Indonesia Stock Exchange Building, Tower 2,
7th floor, JI Jend Sudirman, Kav 52-53,
Jakarta 12190 - 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 2019 PT THERMAX INTERNATIONAL INDONESIA

In accordance with a resolution of the directors of PT Thermax International Indonesia (the "Company"), in the opinion of the directors:

(a) We are responsible for the preparation and presentation of the financial statements of the Company.

(b) The financial statements of the Company have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

(c) (i) All Information in the financial statements of the Company have been disclosed in a complete and truthful manner;

(ii) The financial statements of the Company does not contain any incorrect information or material fact, nor does it omit information or material fact; and

(d) We are responsible for the Company's internal control system.

This statement is made truthfully.

For and on behalf of the directors:

Jawahar Harinarayanan
President Director

Jakarta
15 May 2019

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PT THERMAX INTERNATIONAL INDONESIA

We have audited the accompanying financial statements of PT Thermax International Indonesia, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Thermax International Indonesia as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Yanto, S.E., Ak., M.Ak., CPA
License of Public Accountant No. AP.0241

PT THERMAX INTERNATIONAL INDONESIA

Statement of Financial Position as at 31 March 2019

	2019		2018	
	Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
CURRENT ASSETS				
Cash and cash equivalents	**525,688**	**25.54**	6,172,195	292.11
Trade Receivables	**8,777,979**	**426.41**	1,224,602	57.96
Advances and prepayments	**8,971,176**	**435.80**	1,986,835	94.03
Inventory	**14,553,731**	**706.98**	9,512,588	450.21
Prepaid Taxes	**8,922,885**	**433.45**	6,838,933	323.67
Other receivables	**63,200**	**3.07**	25,866	1.22
Total current assets	**41,814,659**	**2,031.25**	25,761,019	1,219.21
NON-CURRENT ASSETS				
Prepaid tax	**8,476,443**	**411.76**	7,534,299	356.58
Advances and prepayments	**2,091,954**	**101.62**	793,008	37.53
Intangible asset	**4,033,983**	**195.96**	81,985	3.88
Fixed assets	**149,796,094**	**7,276.71**	147,408,306	6,976.47
Total non-current assets	**164,398,474**	**7,986.06**	155,817,598	7,374.46
TOTAL ASSETS	**206,213,133**	**10,017.31**	181,578,617	8,593.67
CURRENT LIABILITIES				
Trade payables	**9,398,779**	**456.57**	6,866,212	324.96
Unearned revenue	**22,875,880**	**1,111.25**	14,135,228	668.99
Taxes Payables	**126,161**	**6.13**	177,802	8.41
Accrued expenses and other payables	**8,786,232**	**426.81**	3,494,404	165.38
Bank overdraft	**2,195,845**	**106.67**	-	-
Total current liabilities	**43,382,897**	**2,107.44**	24,673,646	1,167.74
NON-CURRENT LIABILITIES				
Long term employee benefit liabilities	**296,797**	**14.42**	820,276	38.82
Other Non-Current Liabilities	**405,328**	**19.69**	16,894	0.80
Total non-current liabilities	**702,125**	**34.11**	837,170	39.62
TOTAL LIABILITIES	**44,085,022**	**2,141.55**	25,510,816	1,207.36
EQUITY				
Share capital				
Authorised: 250,000 shares with par value of Rp1,000,000				
Issued and fully paid up-244,000 shares, with par value of Rp 1,000,000 per share	**244,000,000**	**11,852.89**	210,000,000	9,938.78
Accumulated losses	**(81,871,889)**	**(3,977.13)**	(53,932,199)	(2,552.48)
Total equity	**162,128,111**	**7,875.76**	156,067,801	7,386.30
TOTAL LIABILITIES AND EQUITY	**206,213,133**	**10,017.31**	181,578,617	8,593.67

Exchange Rate: as at 31 March 2019 is 1 IDR = INR 0.00486

Exchange Rate: as at 31 March 2018 is 1 IDR = INR 0.00473

Statement of Comprehensive Loss for the year ended 31 March 2019

	2019		2018	
	Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Revenue	**77,468,249**	**3,763.21**	3,485,150	164.94
Other Income	**187,781**	**9.12**	96,480	4.57
	77,656,030	**3,772.33**	3,581,630	169.51
Cost of raw materials and components consumed	**56,776,543**	**2,758.06**	5,516,377	261.08
(Increase) / decrease in inventories of finished goods.	**2,053,776**	**99.77**	(4,047,513)	(191.56)
work-in-progress and traded goods		**-**		-
Employee benefits expense	**17,336,501**	**842.16**	15,133,516	716.23
Depreciation and amortisation expense	**5,121,659**	**248.80**	4,049,425	191.65
Selling and distribution expenses	**1,772,295**	**86.09**	75,733	3.58
Other operating expenses	**20,584,600**	**999.95**	9,271,071	438.78
Foreign exchange (loss)/gain	**1,963,180**	**95.37**	24,043	1.14
Total expenses	**105,608,554**	**5,130.19**	30,022,652	1,420.90
Loss before tax	**(27,952,524)**	**(1,357.86)**	(26,441,022)	(1,251.39)
Taxes Paid	**(34,324)**	**(1.67)**		
Other comprehensive income that will be reclassified to profit or loss				
Re-measurement of defined benefit plans	**47,158**	**2.29**	(47,999)	(2.27)
Total comprehensive loss for the year/period	**(27,939,690)**	**(1,357.24)**	(26,489,021)	(1,253.66)

Statement of Changes in Equity for the year ended 31 March 2019

	Share capital		Advance for Share Subscription		Accumulated Losses		Total	
	Rp'000	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**
Balance as at 31 March 2017	**210,000,000**	**9,938.78**	**-**	**-**	**(27,443,178)**	**(1,298.82)**	**182,556,822**	**8,639.96**
Advances for shares subscription	-	-	-	-	-	-	-	-
Share Issuance	-	-	-	-	-	-	-	-
Loss for the year				-	(26,441,022)	(1,251.39)	(26,441,022)	(1,251.39)
Remeasurement of post-empolyment benefit obligations	-	-	-	-	(47,999)	(2.27)	(47,999)	(2.27)
Balance as at 31 March 2018	**210,000,000**	**9,938.78**	**-**	**-**	**(53,932,199)**	**(2,552.48)**	**156,067,801**	**7,386.30**
Advances for shares subscription	-	-	-		-	-	-	-
Share Issuance	34,000,000	1,651.63	-	-	-	-	34,000,000	1,651.63
Loss for the year		-		-	(27,986,848)	(1,359.53)	(27,986,848)	(1,359.53)
Remeasurement of post-empolyment benefit obligations	-	-	-	-	47,158	2.29	47,158	2.29
Balance as at 31 March 2019	**244,000,000**	**11,590.41**	**-**	**-**	**(81,871,889)**	**(3,909.72)**	**162,128,111**	**7,680.69**

PT THERMAX INTERNATIONAL INDONESIA

Statement of Cash Flows for the year ended 31 March 2019

	2019		2018	
	Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Cash flows from operating activities				
Loss before income tax expense	**(27,952,524)**	**(1,357.86)**	(26,441,022)	(1,251.39)
Adjustments for:				
Depreciation of fixed assets	**4,520,917**	**219.61**	4,029,611	190.71
Amortisation of intangible assets	**600,740**	**29.18**	19,814	0.94
Employee benefit liabilities	**(476,321)**	**(23.14)**	553,219	26.18
Provision for Warranties	**388,434**	**18.87**	16,894	0.80
Loss on Disposal of Fixed Assets	**-**	**-**	-	-
Interest Income	**(8,300)**	**(0.40)**	(96,445)	(4.56)
Interest Expenses	**299,127**	**14.53**	-	-
Unrealised foreign exchange loss/(gain)	**-**	**-**	(67,915)	(3.21)
Operating cash flows before changes in working capital	**(22,627,927)**	**(1,099.21)**	(21,985,844)	(1,040.54)
Changes in working capital:				
Trade Receivables	**(7,553,377)**	**(366.92)**	(1,222,012)	(57.83)
Prepaid tax	**(2,181,869)**	**(105.99)**	(1,244,580)	(58.90)
Advances and prepayments	**(6,984,341)**	**(339.28)**	(461,738)	(21.85)
Trade payables	**2,532,567**	**123.03**	3,421,088	161.91
Unearned Revenue	**8,740,652**	**424.60**	14,135,228	668.99
Accrued expenses and other payables	**4,450,359**	**216.19**	1,385,738	65.58
Other current liabilities	**-**	**-**	-	-
Inventory	**(5,041,143)**	**(244.89)**	(8,924,025)	(422.35)
Other receivables	**(37,334)**	**(1.81)**	(25,103)	(1.19)
Other taxes payable	**(51,641)**	**(2.51)**	51,534	2.44
Payment of corporate income tax	**(878,936)**	**(42.70)**	(97,917)	(4.63)
Receipt of interest income	**8,300**	**0.40**	96,445	4.56
Net cash flows used in operating activities	**(29,624,690)**	**(1,439.09)**	(14,871,186)	(703.82)
Cash flows from investing activities				
Acquisition of fixed assets	**(6,512,236)**	**(316.35)**	(14,351,758)	(679.23)
Acquisition of intangible asset	**(4,107,738)**	**(199.54)**	(85,000)	(4.02)
Payments of advances for purchases of fixed assets	**(1,298,561)**	**(63.08)**		
Net cash flows from investing activities	**(11,918,535)**	**(578.97)**	(14,436,758)	(683.26)
Cash flows from financing activities				
Proceeds from shares issuance	**34,000,000**	**1,651.63**	-	-
Payments of interest expense	**(299,127)**	**(14.53)**	-	-
Net cash flows provided from financing activities	**33,700,873**	**1,637.10**	-	-
Net (decrease)/increase in cash and cash equivalents	**(7,842,352)**	**(380.96)**	(29,307,944)	(1,387.07)
Cash and cash equivalents at the beginning of the period	**6,172,195**	**299.83**	35,385,275	1,674.70
Foreign exchange gain on cash and cash equivalents	**-**	**-**	94,864	4.49
Cash and cash equivalents at the end of the period	**(1,670,157)**	**(81.13)**	6,172,195	292.11
Amount represented by bank overdrafts	**2,195,845**	**106.67**		
Cash and cash equivalents at the end of the period	**525,688**	**25.54**	6,172,195	292.11

Notes to the Financial Statements as of March 31, 2019 and for the year then ended (Expressed in thousands of Indonesian Rupiah, unless otherwise stated)

1. GENERAL

PT Thermax International Indonesia (the "Company") was established on October 22, 2014 based on Notarial Deed No. 12 dated October 1, 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 October 22, 2014.

The Company's Articles of Association have been amended from time to time. The most recent amendment was based on Notarial Deed No. 95 dated June 22, 2018 of Hasbullah Abdul Rasyid, S.H., M.Kn., a Notary in Jakarta, concerning the increase on the authorised capital to become 250,000 shares, increase the issued and paid-up capital to become 244,000 shares, to appoint an additional Director, and to add the Company's scope of activities. The Notarial Deed has been approved by the Ministry of Law and Human Rights of Republic of Indonesia (''MOLHR'') through decision letter No. AHU-AH.01.03-0220467 dated July 10, 2018 (Note 12).

In accordance with Article 3 of the Company's Articles of Association, the main activity of the Company is the manufacturing of industrial products such as steam boilers, heaters, absorption chillers, etc and their spare parts. The Company commenced its commercial production in second quarter of financial year 2017 - 2018.

The Company's office is located at Menara Palma 9th Floor Unit 9-02B/03, Jl. H.R. Rasuna Said Blok. X Kav. 6, South Jakarta 12950 and the manufacturing plant is located at Krakatau Industrial Estate, Cilegon, Banten.

As at March 31, 2019 and 2018, the Company's Commissioner and Board of Directors were as follows:

		March 31, 2019	March 31, 2018
Commissioner	:	Mr. Amitabha Mukhopadhyay	Mr. Amitabha Mukhopadhyay
President Director	:	Mr. Jawahar Harinarayanan	Mr. Jawahar Harinarayanan
Director	:	Mr. Hemant Mohagaonkar	Mr. Hemant Mohagaonkar
Director	:	Mr. Rakesh Rampratap Tripathi	

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 April 1, 2018, 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 January 1, 2018 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:

- Amendments to SFAS No. 2: "Statement of Cash Flows on the Disclosures Initiative".
- Amendment to SFAS No. 46: "Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses".

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2018, which include the financial year beginning April 1, 2018, are as follows:

Effective on or after the date of January 1, 2019:

- Amendments to SFAS 24 (2018) - Employee Benefits on the Plan Amendment, Curtailment or Settlement, effective January 1, 2019 with early application is permitted.
- 2018 Improvement to SFAS 46 - Income Taxes, effective January 1, 2019 with early application is permitted.
- ISFAS No. 33: Foreign currency Transaction and Advance Consideration, with earlier application is permitted.
- ISFAS No. 34: Uncertainty over Income Tax Treatments, with earlier application is permitted

Effective on or after the date of January 1, 2020:

- SFAS No. 71: Financial Instruments.
- SFAS No. 72: Revenue from Contract with Customer.
- SFAS No. 73: Leases.

Early adoption of the above standards is permitted, but early adoption of SFAS 73 is permitted only upon the early adoption of SFAS 72.

As at the authorisation date of these financial statements, the Company was still evaluating the potential impact of the implementation of these new and amended standards and interpretations.

b. Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Rupiah, which is the functional and presentation currency of the Company.

ii) Transactions and balances

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

As at March 31, 2019 and 2018, the exchange rates used, were as follows (United States Dollars full amount):

	March 31, 2019	March 31, 2018
United States Dollars 1	14,244	13,756

c. Financial assets

(i) Classification

As at March 31, 2019 and 2018, the Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise "cash and cash equivalents", "trade receivables" and "other receivables" in the statement of financial position.

(ii) Recognition and measurement

Loans and receivables are initially recognised at fair value including directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent upon future events, and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(iv) Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of a financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest of principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a 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, which are not used as collateral or are not restricted, net of outstanding bank overdrafts.

The statement of cash flows has been prepared using the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

e. Trade and other receivables

Trade receivables are amounts due from customers for revenues recognised on the sale of goods and services in the ordinary course of business.

Other receivables are receivables from transactions other than the sale of goods and services.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

The collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The impairment loss is recognised in profit or loss. When trade and other receivables for which a provision has been recognised become uncollectible in a subsequent period, they are written off against the provision account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

f. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the moving average method for raw materials. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of directly attributable fixed and variable overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion, if any, and selling expenses.

Provision for obsolete and slow moving inventory is determined on the basis of estimated future sale of individual inventory items.

g. Prepayments

Prepayments are amortised on a straight-line basis over the estimated beneficial periods of the prepayments.

h. Intangible asset

Intangible asset 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 or the land's economic life, whichever is shorter.

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.

Major spare parts and stand-by equipment are classified as fixed assets when they are expected to be used in operations for more than one year.

Land is not depreciated. Depreciation of other fixed assets starts when it is available for use and is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Year
Buildings	20
Machinery	16
Computers	4
Office equipment	4
Furnitures and fixtures	4
Tools and equipment	4

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repairs and maintenances are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Net gains or losses on disposals of fixed assets are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The accumulated costs of the construction of buildings or factories and the installation of machinery are capitalised as construction in progress. These costs are reclassified to fixed assets when the construction or installation is complete. Depreciation is charged from the date the assets are ready for use in the manner intended by management.

j. Impairment of non-current assets

Fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the non-current assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, non-current assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversal of an impairment loss for non-current assets will be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal of impairment losses will be immediately recognised in profit or loss.

k. Leases

The determination of whether an arrangement is, or contains, a lease is made based on the substance of the arrangement and assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the term of the lease.

Leases of fixed assets where the Company as lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased fixed assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability portion and the finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities, except for those with maturities of 12 months or less which are included in current liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Fixed assets acquired under finance leases are depreciated similarly to owned assets. If there is no reasonable certainty that the Company will hold the ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

l. Trade and other payables and accruals

Trade and other payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and accruals are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

m. Employment benefit liabilities

The Company is required to provide a minimum amount of pension benefits in accordance with Labour Law No. 13/2003. Since the Labour Law sets the formula for determining the minimum amount of benefits, in substance pension plans under the Labour Law represent defined benefit plans.

A defined benefit plan is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields of Government Indonesia bonds (considering that currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity similar to the related pension obligations.

Remeasurements of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit or loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the curtailment or settlement occurs.

n. Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of discounts, returns, sales incentives and Value Added Tax. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to customers. Revenue from services is recognised when services are rendered.

Expenses are recognised as incurred on an accrual basis.

o. Corporate income tax

<u>Final tax</u>

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

<u>Current tax</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss. The Company presented interest/penalty, if any, as part of "Other Expense".

Amendments to taxation obligation are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received. The additional taxes and penalty imposed through Tax Assessment Letter ("SKP") are recognized as income or expense in the current period profit or loss, unless objection/appeal action is taken. The additional taxes and penalty imposed through SKP are deferred as long as they meet the asset recognition criteria.

<u>Deferred tax</u>

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognize previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, consistent with the presentation of current tax assets and liabilities.

p. Provisions

Provision for restructuring costs, legal claims, and environmental issues is recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of an outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognised.

Provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increase in the provision due to the passage of time is recognised as a finance cost.

q. Share capital

Ordinary shares are classified as equity.

r. Transactions with related parties

The Company enters into transactions with related parties as defined in SFAS 7 "Related party disclosures". It is the policy of the Company that such transactions are conducted on normal commercial terms.

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the future events that are believed to be reasonable under the circumstances.

The Company has identified the following matters under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position of the Company reported in future years.

i. Judgments

Classifications of financial assets and liabilities

Management determines the classifications of the Company's assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the accounting policies disclosed in Note 2c.

Functional currency

Management determines the Company's functional currency from the primary economic environment in which the Company operates. Management determined that the Company's functional currency is Indonesian Rupiah.

ii. Estimation and assumptions

Income taxes

Significant judgments and assumptions are required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Currently the Company does not recognise any provision for anticipated tax audit issues based on the expectation that no additional taxes will be due. Where the final tax outcome of these matters is different from the estimates that were initially made by management, such differences will have an impact on the respective tax assets and liabilities in the period in which such determination is made.

Useful lives of fixed assets

The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives and based on machine working hours. The management estimates the useful lives of these fixed assets to be between 4 to 20 years. Changes in the expected level of usage and technological development could have an impact on the economic useful lives and the residual values of these assets.

The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

Net realisable value of inventory

The Company reviews the carrying value of its inventory at each reporting date to ensure that the cost does not exceed the net realisable value. Estimates of net realisable value include a number of assumptions, including freight or insurance price expectations and the estimated costs to complete inventory into a saleable product.

Provision for defined benefits

The determination of the Company's provision for employee service entitlements is dependent on its selection of certain assumptions used by the independent actuaries and the Company's management in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, retirement age and mortality rate. While the Company's management believe that its assumptions are reasonable and appropriate, significant differences in the Company's actual result or significant changes in the Company's assumptions may materially affect their provision for employee service entitlements.

4. CASH ON HAND AND IN BANKS

	March 31, 2019	March 31, 2018
Cash on hand	**9,544**	10,287
Cash in banks	**516,144**	6,161,908
	525,688	6,172,195

5. TRADE RECEIVABLES

	March 31, 2019	March 31, 2018
Related parties (Note 17a)	**125,233**	-
Third parties	**8,652,746**	1,224,602
	8,777,979	1,224,602

As at March 31, 2019, all balances of trade receivables were past due but not impaired. These relate to a number of third party customers who did not have collectibility issue. The aging analysis of these trade receivable is as follows:

	March 31, 2019	March 31, 2018
Overdue:		
0 - 30 days	**5,509,992**	784,853
30 - 90 days	**3,257,487**	439,582
> 90 days	**10,500**	167
	8,777,979	1,224,602

6. INVENTORIES

	March 31, 2019	March 31, 2018
Raw materials	**12,559,994**	5,465,075
Work-in-progress	**1,993,737**	3,164,456
Finished goods	**-**	883,057
	14,553,731	9,512,588

As at March 31, 2019, there were no obsolete or impaired inventories.

7. FIXED ASSETS

	March 31, 2019				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81,257,182	-	-	-	81,257,182
Buildings	51,005,104	-	-	-	51,005,104
Machinery	16,113,019	5,973,125	-	1,010,661	23,096,805
Furnitures and fixtures	1,160,437	449,750	-	-	1,610,187
Computers	573,432	68,726	-	-	642,158
Office equipment	274,361	10,235	-	-	284,596
Tools and equipments	312,666	229,869	-	-	542,535
Vehicle	-	622,000	-		622,000
Construction in progress	1,455,661	-	-	(1,455,661)	-
	152,151,862	**7,353,705**	**-**	**(445,000)**	**159,060,567**
Accumulated depreciation					
Buildings	(2,964,217)	(2,550,252)	-	-	(5,514,469)
Machinery	(959,453)	(1,311,402)	-	-	(2,270,855)
Furnitures and fixtures	(461,671)	(315,521)	-	-	(777,192)
Computers	(201,315)	(150,971)	-	-	(352,286)
Office equipment	(97,954)	(70,424)	-	-	(168,378)
Tools and equipments	(58,946)	(96,432)	-	-	(155,378)
Vehicle	-	(25,915)	-	-	(25,915)
	(4,743,556)	**(4,520,917)**	**-**	**-**	**(9,264,473)**
Net book value	**147,408,306**				**149,796,094**

	March 31, 2018				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81,257,182	-	-	-	81,257,182
Buildings	50,231,040	774,064	-	-	51,005,104
Machinery	-	-	-	16,113,019	16,113,019
Furnitures and fixtures	1,055,074	105,363	-	-	1,160,437
Computers	278,035	295,397	-	-	573,432
Office equipment	204,839	69,522	-	-	274,361
Tools and equipments	-	312,666	-	-	312,666
Construction in progress	11,931,548	5,637,132	-	(16,113,019)	1,455,661
	144,957,718	7,194,144	-	-	152,151,862
Accumulated depreciation					
Buildings	(418,592)	(2,545,625)	-	-	(2,964,217)
Machinery	-	(959,453)	-	-	(959,453)
Furnitures and fixtures	(173,889)	(287,782)	-	-	(461,671)
Computers	(86,305)	(115,010)	-	-	(201,315)
Office equipment	(35,159)	(62,795)	-	-	(97,954)
Tools and equipments	-	(58,946)	-	-	(58,946)
	(713,945)	(4,029,611)	-	-	(4,743,556)
Net book value	144,243,773				147,408,306

The Company owns a plot of land with “Hak Guna Bangunan” title (“Building Use Title” or “HGB”) which has a remaining useful life up to 2046. Management believes that there will be no difficulty in extending the land right as the land was acquired legally and this is supported by sufficient evidence of ownership.

8. TRADE PAYABLES

	March 31, 2019	March 31, 2018
Related party (Note 17a)	**5,076,773**	2,171,121
Third parties	**4,322,006**	4,695,091
	9,398,779	6,866,212

Refer to Note 17 for details of related party transactions.

9. UNEARNED REVENUE

	March 31, 2019	March 31, 2018
Third parties	**22,875,880**	14,135,228

This account represents advances, which are received from customers.

10. ACCRUED EXPENSES AND OTHER PAYABLES

	March 31, 2019	March 31, 2018
Operational	**7,754,416**	744,035
Purchases of fixed assets (Note 22)	**841,469**	1,586,942
Professional fees	**162,500**	185,000
Salary and wages	**-**	799,825
Others	**27,847**	178,602
	8,786,232	3,494,404

11. TAXATION

a. Prepaid taxes

	March 31, 2019	March 31, 2018
Current portion:		
Value Added Tax (''VAT'')	**8,883,912**	6,741,016
Prepaid tax article 26	**38,973**	-
Corporate income tax - 2018	**-**	97,917
	8,922,885	6,838,933
Non-current portion:		
Claim for VAT refund	**7,534,299**	7,534,299
Corporate income tax - 2019	**844,612**	-
Corporate income tax - 2018	**97,532**	-
	8,476,443	7,534,299

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisition. The balance of the claim for VAT refund amounting to Rp7,534,299 represents request for VAT refund from land purchase which is based on Tax Decision Letter No. 00014/507/15/067/16 dated August 24, 2016 is not claimable. Management of the Company believes that it has technical merit to support that position, hence no provision of impairment is necessary.

The Company has submitted an objection letter to the Directorate General of Tax ("DGT") and this was rejected on September 6, 2017. As a response, the Company has submitted an appeal letter to the Tax Court and as at the date of these financial statements, the appeal process was still in progress and no decision had been issued yet by the Tax Court regarding the Company's appeal request.

b. Taxes payable

	March 31, 2019	March 31, 2018
Income tax Article 21	**78,932**	95,307
Income tax Article 23	**29,076**	18,438
Income tax Article 4(2)	**16,894**	49,011
Income tax Article 26	**1,259**	15,046
	126,161	177,802

c. Income tax expense

For the year ended March 31, 2018, the Company did not recognise any current tax expenses.

The reconciliation between income tax expense and the theoretical tax amount on the Company's loss before income tax is as follows:

	March 31, 2019	March 31, 2018
Loss before income tax	**(27,952,524)**	(26,441,022)
Income tax calculated at applicable tax rate	**6,988,131**	6,610,256
Tax effects:		
- Non-deductible expenses	**(1,068,414)**	(1,335,211)
- Unrecognised deferred tax assets	**(5,919,717)**	(5,275,045)
- Final tax	**(34,324)**	-
Income tax expense	**(34,324)**	-

The Company has an accumulated tax losses carried forward balance amounted to Rp66,690,227 which will expire between 2020 and 2024.

The amount of fiscal loss is based on preliminary calculations. The amounts may be adjusted when annual tax returns are submitted to/assessed by the tax office.

d. Deferred tax assets

The Company has not recognised any deferred tax assets as the ability of the Company to generate sufficient taxable profit will depend on when the Company can maintain sustainable and optimal capacity of commercial production. As such, the Company believes it is more prudent not to recognise any deferred tax assets.

e. Tax administration in Indonesia

The taxation laws of Indonesia require that companies within Indonesia to submit individual tax returns on the basis of self-assessment. Under the prevailing regulations, the DGT may assess or amend taxes within five years of the time the tax becomes due.

12. SHARE CAPITAL

The shareholders compositions as at 31 March 2019 were as follows:

	March 31, 2019		
Shareholders	**Number of shares**	**Percentage of ownership**	**Issued and paid-up**
Thermax Engineering Singapore Pte. Ltd.	**243,990**	**99.99%**	243,990,000
Thermax International Limited	**10**	**0.01%**	10,000
	244,000	**100.00%**	244,000,000

The shareholders compositions as at 31 March 2018 were as follows:

	March 31, 2018		
Shareholders	**Number of shares**	**Percentage of ownership**	**Issued and paid-up**
Thermax Engineering Singapore Pte. Ltd.	**209,990**	**99.99%**	209,990,000
Thermax International Limited	**10**	**0.01%**	10,000
	210,000	**100.00%**	210,000,000

The increase in share capital was based on the latest Company's Article of Association, which has been disclosed in Note 1.

13. 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 March 31, 2019, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

14. REVENUE

	March 31, 2019	March 31, 2018
Sales of products	**73,892,862**	3,378,780
Sales of services	**3,575,387**	106,370
	77,468,249	3,485,150

15. COST OF GOODS SOLD RECONCILIATION

	March 31, 2019	March 31, 2018
Raw materials		
- At the beginning of the year	**5,465,075**	588,563
- Purchases	**63,871,462**	10,392,889
	69,336,537	10,981,452
- At the end of the year	**(12,559,994)**	(5,465,075)
Raw materials used	**56,776,543**	5,516,377
Direct labour and manufacturing overhead	**3,308,299**	1,428,828
Allocated depreciation expense	**4,295,315**	151,718
Total production cost	**64,380,157**	7,096,923
Work in progress		
- At the beginning of the year	**3,164,456**	-
- At the end of the year	**(1,993,737)**	(3,164,456)
	1,170,719	(3,164,456)
Total cost of goods manufactured	**65,550,876**	3,932,467
Finished goods		
- At the beginning of the year	**883,057**	-
- At the end of the year	**-**	(883,057)
	883,057	(883,057)
Total cost of goods sold	**66,433,933**	3,049,910

16. OTHER OPERATING EXPENSES

	March 31, 2019	March 31, 2018
Labour charges	**4,211,851**	953,308
Legal and professional fees	**2,632,077**	737,403
Travelling and conveyance	**2,524,518**	2,240,686
Consumables	**1,499,157**	-
Advertising and exhibitions	**1,274,094**	1,647,652
Repairs and maintenance	**1,059,354**	745,321
Utilities costs	**933,017**	688,004
Communication	**774,321**	400,307
Security charges	**716,982**	598,981
Rent and service charges	**695,576**	475,139
Bank charges	**683,602**	16,382
Sales commissions	**506,684**	-
Insurance	**301,324**	167,432
Interest expense	**299,127**	-
Others	**2,472,918**	600,456
	20,584,602	9,271,071

17. RELATED PARTY TRANSACTIONS

The nature of relationships and transactions with related parties are as follows:

Related parties	**Relationship**	**Nature of transactions**
Thermax Limited	Holding Company of Thermax Engineering Singapore Pte. Ltd.	Purchases of raw material
Thermax (Zhejiang) Cooling and Heating Engineering	Under common control entity	Expenses reimbursement

a. Balances with related parties

	March 31, 2019	March 31, 2018
Trade receivables: (Note 5)		
Thermax Limited	**125,233**	-
Advance and prepayments - current portion:		
Thermax Limited	**5,221,656**	288,876
Other receivables:		
Thermax (Zhejiang) Cooling and		
Thermax Limited	**56,218**	-
Heating Engineering	**6,982**	25,866
	63,200	25,866
Trade payables: (Note 8)		
Thermax Limited	**5,076,773**	2,171,121

b. Transactions with related parties

	March 31, 2019	March 31, 2018
Sales of finished goods:		
Thermax (Zhejiang) Cooling and Heating Engineering	**303,060**	-
Sales of services:		
Thermax Limited	**126,007**	-
	429,067	-

The sales of finished goods are based on cost plus certain margin agreed by both parties.

	March 31, 2019	March 31, 2018
Purchases of raw materials:		
Thermax Limited	**27,759,597**	3,314,491
Thermax (Zhejiang) Cooling and Heating Engineering	**2,286,711**	-
	30,046,308	3,314,491

The purchases of raw materials are based on cost plus certain margin agreed by both parties.

	March 31, 2019	March 31, 2018
Expense reimbursement:		
Thermax Limited	**56,148**	-
Thermax (Zhejiang) Cooling and Heating Engineering	**18,087**	24,988
	74,235	24,988

The expenses being reimbursed are based on actual costs occurred.

c. Key management personnel compensation

Key management personnel includes Directors and Commissioner. In 2019, the compensation for key management recorded in the financial statements amounted to Rp1,803,094 (2018: Rp2,416,396) only for the President Director of the Company. The compensation for the Company's Commissioner and other Directors were paid directly by Thermax Limited.

18. SIGNIFICANT CONTRACTS, COMMITMENTS AND CONTIGENCIES

a. Capital commitments

On July 6, 2018, the Company entered into a machinery purchase agreement with Electropneumatic & Hydaulics (I) Pvt. Ltd. and Samadhan Industries with total contract values of US$125,561 and US$ 35,877, respectively. They were still outstanding as of March 31, 2019. The estimated completion date of the contract is on May 31, 2019.

b. **Credit and bank facilities from Citibank N.A.**

On November 29, 2017, the Company entered into a term-loan facility agreement with Citibank N.A. with total facility amounted to US$2.5 million and applicable interest rate of Jakarta Interbank Offered Rate plus certain margin. In addition, on September 8, 2017, Thermax Limited, an indirect holding entity of the Company, acting as a guarantor for the Company and guarantee any bank facilities issued for the Company with a total amount of US$5 million. As of March 31, 2019, the Company has utilised the bank facilities as follows:

- Amounted to Rp19,057,740 (2018: Rp1,005,000) for performance guarantee bond for certain customer.
- Amounted to Rp2,195,845 (2018: Rp Nil) for overdraft. During 2018, the overdraft was subject to effective interest at the rate of 9.50% per annum.

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at March 31, 2019, the Company's financial assets which comprised cash and cash equivalents, trade receivables and other receivables with a total balance of Rp9,366,867 (2018: Rp7,422,663) were categorised as loans and receivables.

As at March 31, 2019, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables with a total balance of Rp18,185,011 (2018: Rp9,560,792) were categorised as other financial liabilities at amortised cost.

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors. The Board of Directors provides principles for overall risk management, including market, credit and liquidity risks.

a. **Market risk**

i) **Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from cash in banks, trade receivables and trade payables denominated in foreign currency.

As at March 31, 2019, if the United States Dollars had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, post-tax loss for the period would have been Rp546,481 (2018: Rp91,425) 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 March 31, 2019, the total maximum exposure from credit risk was Rp9,366,867 (2018: Rp7,412,376). The credit risk primarily arises from cash in banks, trade receivables and other receivables.

The Company manages credit risk exposure from its deposits with banks by placing them at banks with strong reputation and market position and limiting the aggregate risk from any individual counter-party.

In respect of credit given to customers, the Company has clear policies on selection of customers, legally binding agreements in place for sales of products and services transactions rendered and historically no collectibility issue.

The credit quality of trade and other receivables that are overdue but not impaired can be assessed with reference to historical information about counterparty collectibility issue as follows:

	March 31, 2019	March 31, 2018
Trade and other receivables:		
Related parties	**63,200**	25,866
Reputable or without recent history of collectibility issue	**8,777,979**	1,224,602
	8,841,179	1,250,468

c. **Liquidity risk**

Liquidity risk arises in situations in which the Company has difficulties obtaining the necessary resources to fulfil its financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Company's financial liabilities amounting to Rp18,185,011 have contractual maturities within one year and are not interest bearing.

d. **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure and shareholders returns, taking into consideration the future capital requirements and capital efficiency of the Company, prevailing and projected profitability, projected operating cash flow, projected capital expenditures, and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

e. **Fair value of financial instruments**

Management is of the opinion that the carrying value of its financial assets and liabilities approximate the fair value of the financial assets and liabilities as at March 31, 2019. The fair value of trade payables and accrued expenses and other payables approximate their carrying value because of their short term maturity.

22. NON CASH TRANSACTIONS

	March 31, 2019	March 31, 2018
Investing activities:		
Acquisition of fixed assets through trade payables	**-**	2,621,272
Acquisition of fixed assets through accrued expenses, including accrued interest (Note 10)	**841,469**	1,586,942

23. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in liabilities arising from financing activities in the cash flow statement are as follows:

	Balance April 1, 2018	**Additions (proceeds)**	**Deductions (repayments)**	**Foreign exchange movement**	**Balance March 31, 2019**
Share capital	210,000,000	34,000,000	-	-	244,000,000
Interest expense	-	299,127	(299,127)	-	-

24. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on May 15, 2019.

THERMAX SENEGAL SARL

Manager	*Registered Office*	*Auditors*
Umesh Barde Bhavesh Chheda	Dakar Domicillia, 29, Avenue 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 April 25, 2019

Gentlemen,

According to the law and the statutes, we have convened this Annual Ordinary General Meeting to report to you the situation and activity of our Company during the year ended 31 December 2018 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 time frame.

You will then read the reports of the Auditor.

I. COMPANY'S ACTIVIT'ES DURING THE YEAR 2018

During the year ended 31/12/2018, the main events that have marked our activity are as follows:

This year was a fourth year of Company operations with no turnover due to end of plant maintenance service contract with customer.

The Company has received a tax audit re-assessment notification on January 2019 for a total of FCFA 2308 Million (including penalties) for the review of fiscal years 2015 to 2017, regarding employment contract with the employees. The Company is going to file an arbitration request with authorities. Based on the tax expert advice, the company is confident that the issue being ultimately decided in its favour and accordingly no provision has been considered necessary as at December, 31 2018.

Apart from above, 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 2019

Even though the contract with customer is ended, for the fiscal year 2019, the company is continuing to explore further business opportunities for Operation and Maintenance services.

III. REVIEW OF THE STATEMENTS OF INCOME AND ALLOCATION PROPOSAL

The main aggregates for the year ended December 31. 2018 are as follows in thousands of FCFA:

Elements	**31/1212018**
Turnover	0
Added value	41 309 906
Operating income	41 709 429
Net Loss	46 245 917

We propose to allocate the profit as follow:

Net Loss	46 245 917
Dividends to be distributed	80 000 000

Following this allocation, the company's equity will be as follows:

Share Capital	110 000 000
Legal Reserve	22 000 000
Retained Earning	34 958 136
Total	**166 958 136**

For Thermax Senegal SARL

The Manager

Umesh Barde

Bhavesh Chheda

THERMAX SENEGAL SARL

Auditor's Report

THERMAX SENEGAL SARL

Dakar Domicilia 29, Avenue Pasteur
Dakar-Sénégal

Share capital: 110 000 000 F CFA

Statutory Auditor's report on the financial statements
Year ended as at December 31, 2018

To the Shareholder,

In execution of the mission entrusted to us by your shareholders' annual general meeting, we present to you our report for the year ended December 31, 2018, on:

- The audit of the accompanying financial statements of THERMAX SENEGAL SARL ;
- The specific verifications and information required by the law.

I. Audit of annual financial statements

Opinion

We have audited the accompanying financial statements of THERMAX SENEGAL SARL, which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the accounting rules and methods published by the OHADA Uniform Act on the organization and harmonization of the accounting of companies.

Basis for Opinion

We conducted our audit in accordance with in accordance with the provisions of Regulation No. 01/2017 / CM / OHADA harmonizing the practices of accounting and auditing professionals. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Annual Financial Statements section of this report. We are independent of the company in accordance with ethical requirements set forth by Regulation No. 01/2017/CM/OHADA on the Harmonization of the Practices of Accounting and Auditing Professionals in the member countries of The OHADA and the independence rules that govern the statutory audit 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.

Key points of the audit

The key points of the audit are the points that, in our professional judgment, were most important during the audit of the financial statements of the current period. These issues were addressed in the context of our audit of the financial statements as a whole and in forming our opinion on them. We do not express a separate opinion on these points.

Appendix 2 of this report details the key points noted in the period under review as well as the auditor's observations.

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 the accounting rules and methods published by the OHADA Uniform Act on the organization and harmonization of the accounting of companies, 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 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.

A further description of the auditor's responsibilities for the audit of the financial statements detailed in Appendix 1 to this Auditor's Report. This description forms part of our auditor's report.

II. Specific verifications and other information

We have also performed, in accordance with professional standards applicable in Senegal, the specific verifications required by law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the General Manager, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Dakar, le 20 April 2019

KPMG
Sénégal

Ndiaga SARR
Senior Partner

APPENDIX

THERMAX SENEGAL SARL Statutory Auditor's Report on the financial statements Year ended as at December 31, 2018.

APPENDIX 1: STATUTORY AUDITOR' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

This appendix is an integral part of our audit report.

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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.

Our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in Senegal, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

APPENDIX 2 : KEY AUDIT MATTERS

	KEY MATTERS	ACTION REQUIRED
1.	**Going concern**	**Audit Procedure**
	In August 2017, the service contract between Thermax Senegal and Dangote Senegal, the single customer of the company, was not renewed. Since that date, the company has not signed any other contracts and no income has been recognized over the period 2018 under review. In addition, all of the company's personnel resigned in fiscal 2017 with the exception of an agent whose contract ended in March 2018.	We received Thermax's going-concern assessment and assessed whether management's assumptions on the ability to increase revenues are consistent with industry developments and the current economic climate. Based on our work and documentation received, we have concluded that management's use of the going concern method of accounting is appropriate for the preparation of its financial statements.
2.	**Tax adjustment**	**Audit Procedure**
	Thermax has received on January 2019 a Tax notification adjustment for a total of 1 538 million FCFA as tax recovery and 769 million FCFA as penalties for the review of fiscal years 2015; 2016 and 2017. The adjustment notification essentially concerns: - the requalification of the agreement between Thermax Senegal to Thermax India to a subcontracting relationship; - the requalification of Thermax Senegal staff's employment contracts to staff provision agreement by Thermax India. The result of this requalification is the adjustment of the following taxes: Income tax: 530 million FCFA and 265 million FCFA respectively as tax recovery and penalties; - Income tax on Securities: 159 million FCFA and 79 million respectively as tax recovery and penalties; - Value Added Tax: 128 million and 64 million respectively as tax recovery and penalties; - "TVA pour compte": 341 million and 171 million respectively as tax recovery and penalties; - Royalty deductions: 379 million and 189 million respectively as tax recovery and penalties;	We have received and revised the company's response to the tax administration dated 04 March 2019 drafted with the assistance of its tax expert Deloitte. Thermax Senegal refutes all of the adjustments and therefore did not recognize any accruals in its closed accounts at 31/12/2018. Base on the independent review of our expert Tax it appears that the case remains defensible. Thus, due to inability to determine with certainty the amount to be paid, we do not have any observations.

Special Report of the Auditor Established under Article 350 of the OHADA Uniform Act On the Law of Commercial Companies

THERMAX SENEGAL SARL

Dakar Domicilia 29, Avenue Pasteur
Dakar-Sénégal

Share capital : 110 000 000 F CFA

Special report of the auditor on the financial statements
Year ended as at December 31st 2018

Dear Sirs,

In compliance with article 350 of the Uniform Act regarding the law on commercial companies and on the Economic Interest Group, we are presenting the special report on regulated agreements, referred to in articles 350 and 351 of the named Act.

It is not our responsibility to investigate the eventual existence of such agreements, but to communicate to you, on the basis of information we were provided with, the characteristics and essential obligations of the agreements which we were made aware of, without any judgment on their usefulness and their accuracy on our account.

Based on the terms of article 350 of the Uniform Act pertaining to the Law on commercial firms and on EIG, it is your responsibility to evaluate the interest of those agreements for their approval.

We executed our work in accordance with the standards of our profession; those standards required the settlement of diligences aiming at verifying the accuracy of the information we were provided with against the supporting documents which they are originated from.

AGREEMENT SIGNED IN PRIOR YEAR AND HAVING EFFECTS IN THE CURRENT YEAR

Pursuant to section 351 of the OHADA Uniform Act relating to commercial companies and economic interest groups, we have been informed that the following agreements, signed in prior years, continued during this year:

Service agreement between Thermax Limited and Thermax Senegal SARL
Made effective as of 25th March 2015

- Related Shareholder
  - Thermax Limited India: Sole shareholder of Thermax International Limited Mauritius that owns Thermax Senegal at 100%.
- Subject
  To meet the business exigencies of Thermax Senegal SARL, in execution of O&M contracts and related activities in Senegal, Thermax Limited has agreed to offer assistance and for the purpose has deputed its Employees to Senegal. Such deputed Employees shall assist T, in the following activities:
  a) Operation & Maintenance of a Power Plant/s.
  b) Any erection and/ or commissioning help for any power plant in future.
  c) Conduct of market research and survey & exploring business opportunities in Senegal.
- SDModalities

Thermax Senegal agrees to reimburse costs including taxes if any to Thermax Limited at actuals for the services performed by the dedicated Employees of Thermax Limited. The cost will mainly constitute :

i) Remuneration of Employees, ii) allowances, iii) travel cost & other cost attributable for rendering of services.

Thermax Senegal shall reimburse all the above expenses within 30 days from the date of receipt of invoice / debit note from Thermax Limited.

During the 2018 fiscal year, the total amount due and paid by Thermax Senegal pursuant to this agreement are amounted to 3, 3 million FCFA or USD 5,800.

Dakar, 20 April 2019

KPMG Senegal

Ndiaga SARR
Senior Partner

THERMAX SENEGAL SARL

Balance Sheet as at 31st December 2018

REF	ASSETS	Note	YEAR ENDED AT 31/12/2018		YEAR ENDED AT 31/12/2017	
			XOF	Rs. In Lacs	XOF	Rs. In Lacs
AD	**INTANGIBLE FIXED ASSETS**	3	-	-	-	-
AE	Prospection and Development Costs		-	-	-	-
AF	Patents, Licences, Software and Similar rights		-	-	-	-
AG	Goodwill and Right to lease		-	-	-	-
AH	Other intangible Fixed Assets		-	-	-	-
AI	**TANGIBLE FIXED ASSET**	3	-	-	-	-
AJ	Land(1) Including Net Invest 0 / 0		-	-	-	-
AK	Buildings(1) Including Net Invest 0 / 0		-	-	-	-
AL	Installations, Fixtures and Fittings		-	-	-	-
AM	Equipment, Furniture and biological assets		-	-	-	-
AN	Transport Equipment		-	-	-	-
AP	Advces & pmts on a/c of fixed assets on order	3	-	-	-	-
AQ	**FINANCIAL FIXED ASSETS**	4	-	-	-	-
AR	Investment in Shares		-	-	-	-
AS	Other financial Fixed Assets		-	-	-	-
AZ	**TOTAL FIXED ASSETS (1)**		**-**	**-**	**-**	**-**
BA	**Current assets Outside Ordinary Activities (OOA)**	5	-	-	-	-
BB	**Stocks Products and Work in Process**	6	-	-	-	-
BG	**DEBTORS AND RELATED ITEMS**		-	-	-	-
BH	Suppliers' Advances & payments on Account		-	-	34,500	0.04
BI	Customers	7	-	-	25,533,713	27.81
BJ	Other Debtors	8	128,668,119	153.11	165,832,033	180.62
BK	**TOTAL CURRENT ASSET (2)**		**128,668,119**	**153.11**	**191,400,246**	**208.47**
BQ	Investment in Securities	9	-	-	-	-
BR	Bills to be cashed	10	-	-	-	-
BS	Banks, Postal Cheques, Cash	11	169,536,654	201.75	433,593,941	472.27
BT	**TOTAL LIQUID ASSETS (3)**		**169,536,654**	**201.75**	**433,593,941**	**472.27**
BU	Exchange conversion difference (4)	12	-	-	-	-
BZ	**GRAND TOTAL (1+2+3+4)**		**298,204,773**	**354.86**	**624,994,187**	**680.74**
	LIABILITIES					
CA	Capital	13	110,000,000	130.90	110,000,000	119.81
CB	Providers - Capital not Called	13	-	-	-	-
CD	Merger, asset contribution and share premiums	14	-	-	-	-
CE	Revaluation Surplus	3E	-	-	-	-
CF	Statutory Reserves	14	22,000,000	26.18	22,000,000	23.96
CG	Free Reserves	14	-	-	-	-
CH	Retained Earnings (+ ou -)	14	161,204,053	191.83	122,092,336	132.99
CJ	Profit or Loss for the Period (profit+ or loss-)		(46,245,917)	(55.03)	211,111,717	229.94
CL	Capital Subvention, Investment grants and subsidies	15	-	-	-	-
CM	Regulated Provisions	15	-	-	-	-
CP	**TOTAL EQUITY AND ASSIMILATED LIABILITIES (I)**		**246,958,136**	**293.88**	**465,204,053**	**506.70**
DA	Long Term Borrowings and Sundry Long Term Financial Liabilities	16	-	-	-	-
DB	Long Term Lease Liabilities acquisition	16	-	-	-	-
DC	Provision for Risks and Charges	16	-	-	-	-
DD	**TOTAL LONG-TERM LIABILITIES (II)**		**-**	**-**	**-**	**-**
DF	**TOTAL PERMANENT RESORCES (1) = (I + II)**		**246,958,136**	**293.88**	**465,204,053**	**506.70**
DH	Current Liabilities or Outside Ordinary Activities and related resources	5	-	-	-	-
DI	Customers: Advances and Payments on Account Receivable	7	-	-	-	-
DJ	Trade Suppliers	17	24,818,400	29.53	27,938,777	30.43
DK	Tax and Social Liabilities	18	26,428,237	31.45	98,245,057	107.01
DM	Other Creditors	19	-	-	33,135,600	36.09
DN	Provision for short term Risks	19	-	-	-	-
DP	**TOTAL CURRENT LIABILITIES (2)**		**51,246,637**	**60.98**	**159,319,434**	**173.53**
DQ	Bank, Discount Credits	20	-	-	-	-
DR	Bank, financial institution and Overdrafts	20	-	-	-	-
DT	**TOTAL LIQUID LIABILITIES (3)**		**-**	**-**	**-**	**-**
DV	Exchange differences (4)	19	-	-	470,700	0.51
DZ	**GRAND TOTAL (1 + 2 + 3+4)**		**298,204,773**	**354.86**	**624,994,187**	**680.74**

Profit and Loss Statement for the year ended 31 st December 2018

REF	Narration		Note	YEAR ENDED AT 31/12/2018		YEAR ENDED AT 31/12/2017	
				XOF	Rs. In Lacs	XOF	Rs. In Lacs
TA	Sales of goods A	+	21	-	-	-	-
RA	Purchases of goods	-	22	-	-	-	-
RB	Stock Variation of goods (-ou+)	-/+	6	-	-	-	-
XA	**COMMERCIAL MARGIN : (Sum TA to RB)**			**-**	**-**	**-**	**-**
TB	Sales of Manufactured Products B	+	21	-	-	-	-
TC	Workers and Services Sold C	+	21	-	-	907,297,592	988.23
TD	Accessory Products D	+	21	-	-	-	-
XB	**TURNOVER : (A+B+C+D)**			**-**	**-**	**907,297,592**	**988.23**
TE	Output Stocked (or destocking)	-/+	6	-	-	-	-
TF	Output Capitalised		21	-	-	-	-
TG	Operating Subvention		21	-	-	-	-
TH	Other Incomes	+	21	3,573,003	4.25	281	0.00
TI	Transfer of Operating Expenses	+	12	-	-	-	-
RC	Purchases of raw materials and related supplies	-	22	-	-	-	-
RD	Stock Variation raw materials and related supplies (- ou +)	-/+	6	-	-	-	-
RE	Other Purchases	-	22	19,600	0.02	14,189,784	15.46
RF	Stock Variation other purchases (- ou +)	-/+	6	-	-	-	-
RG	Transports	-	23	170,900	0.20	384,500	0.42
RH	External Services	-	24	37,382,333	44.48	86,147,542	93.83
RI	Taxes and Levies	-	25	6,468,480	7.70	11,727,566	12.77
RJ	Other Expenses	-		841,596	1.00	59,507	0.06
XC	**VALUE ADDED : (XB+RA+RB) + (Sum TE to RJ)**			**(41,309,906)**	**(49.15)**	**794,788,974**	**865.69**
RK	Staff Expenses	-	27	399,523	0.48	512,280,992	557.98
XD	**GROSS OPERATING PROFIT : (XC+RK)**			**(41,709,429)**	**(49.63)**	**282,507,982**	**307.71**
TJ	Written back for Depreciations and Provisions	+	28	-	-		
RL	Allowances for Depreciations and Provisions	-	3C&28	-	-	2,092,901	2.28
XE	**OPERATING PROFIT OR LOSS (+ or -) : (XD+TJ+RL)**			**(41,709,429)**	**(49.63)**	**280,415,081**	**305.43**
TK	Financial income and assimilated	+	29	-	-	18,547,524	20.20
TL	Written back for Financial Depreciations and Provisions	+	28	-	-	-	-
TM	Transfer of Financial Expenses	+	12	-	-	-	-
RM	Financial expenses and asimilated expenses	-	29	-	-	20,114,341	21.91
RN	Allowances for Financial Depreciations and Provisions	-	3C&28	-	-	-	-
XF	**FINANCIAL PROFIT OR LOSS (+ or -) : (Sum TK to RN)**			**-**	**-**	**(1,566,817)**	**(1.71)**
XG	**PROFIT OR LOSS FROM ORDINARY ACTIVITIES (+ or -) : (XE+XF)**			**(41,709,429)**	**(49.63)**	**278,848,264**	**303.72**
TN	Incomes of Sales of Fixed Assets	+		-	-	-	-
TO	Others incomes Outside Ordinary Activities	+		-	-	25,533,713	27.81
RO	Net book value of Sales of Fixed Assets	-		-	-	35,968,460	39.18
RP	Others Expenses Outside Ordinary Activities	-		-	-		-
XH	**PROFIT OR LOSS FROM OUTSIDE ORDINARY ACTIVITIES (O.O.A.) (+ ou -) : (Sum TN to RP)**			**-**	**-**	**(10,434,747)**	**(11.37)**
RQ	Workers Participation	-	30	-	-	-	-
RS	Company Income Tax	-	37	4,536,488	5.40	57,301,800	62.41
XI	**NET PROFIT OR LOSS (+ or -) : (XG+XH+RQ+RS)**			**(46,245,917)**	**(55.03)**	**211,111,717**	**229.94**

THERMAX SENEGAL SARL

CASH FLOW STATEMENT TEMPLATE

REF	HEADINGS		Note	YEAR ENDED AT 31/12/2018	YEAR ENDED AT 31/12/2017
				NET	NET
ZA	**NET TREASURY at 1er January** (Treasury Asset N-1 - Treasury Liability N-1)	**A**		**433 593 941**	**333 251 312**
	Cash Flow comes from Operating activity				
FA	**GLOBAL SELF-FINANCING CAPACITY: (GSFC)**			**-46 245 917**	**249 173 078**
FB	(-) Variation of Current assets Off Ordinary Activities (OOA)				
FC	(-) Variation of Stocks Products and Work in Process				
FD	(-) Variation of Debtors			-62 732 127	-277 974 307
FE	(+) Variation of Liabilities(1)			-108 543 497	-234 879 256
	Change in operating activities (FB+FC+FD+FE)			**-45 811 370**	**43 095 051**
ZB	**Casf flow from operating activities (Sum FA to FE)**	**B**		**-92 057 287**	**292 268 129**
	Cash flow from investing activities				
FF	(-) Purchase of Intangible fixed assets				
FG	(-) Purchase of Tangible fixed assets				
FH	(-) Purchase of Financial fixed assets				
FI	(+) Sale of Intangible and Tangible fixed assets				
FJ	(+) Sale of Financial fixed assets				574 500
ZC	**Cash flow from investing activities (Sum FF to FJ)**	**C**			**574 500**
	Cash flow from equity financing				
FK	(+) Increases due to new capital introduced				
FL	(+) Capital Subvention, Investment grants and subsidies				
FM	(-) Drawings in Capital (including withdrawals by operator)				
FN	(-) Dividends (application)			172 000 000	192 500 000
ZD	**Cash flow from equity financing (Sum FK to FN)**	**D**		**-172 000 000**	**-192 500 000**
	Cash flow from external equity financing				
FO	(+) Borrowings				
FP	(+) Other Financial Liabilities				
FQ	(-) Re-imbursement of Borrowings and others Financial Liabilities				
ZE	**Cash flow from external equity (Sum FO to FQ)**	**E**			
ZF	**Cash flow from financing activities (D+E)**	**F**		**-172 000 000**	**-192 500 000**
ZG	**NET CASH CHANGE DURING THE PERIOD (B+C+F)**	**G**		**-264 057 287**	**100 342 629**
ZH	**Net cash at 31 December (G+A)** **Control: Cash asset N- Cash liabilities N = 169536654 N-1: 433593941**	**H**		**169 536 654**	**433 593 941**

SUMMARY SHEET OF APPLICABILITY OF NOTES TO THE FINANCIAL STATEMENTS (1)

NOTES	TITLES	A	N/A
NOTE 1	Debts secured by actual suretees		X
NOTE 2	Compulsory information	X	
NOTE 3A	Gross asset		X
NOTE 3B	Leased asset		X
NOTE 3C	Assets : depreciation		X
NOTE 3D	Assets : profit and loss on disposal of assets		X
NOTE 3E	Information on revaluation done by the entity		X
NOTE 4	Financial assets		X
NOTE 5	Current assets ooa		X
NOTE 6	Stocks and work-in-progress		X
NOTE 7	Customers	X	
NOTE 8	Other receivables	X	
NOTE 8A	Spread of capitalised charges and provisions for expenses to be apportioned		X
NOTE 9	Investment in securities		X
NOTE 10	Bills to be cashed		X
NOTE 11	Cash treasury	X	
NOTE 12	Foreign exchange difference		X
NOTE 13	Capital	X	
NOTE 14	Premiums and reserves	X	
NOTE 15A	Subventions and regulated provisions		X
NOTE 15B	Other equities		X
NOTE 16A	Financial liabilities and assimilated resources		X
NOTE 16B	Pension liabilities and comparable benefits (method)		X
NOTE 16B bis	Pension liabilities and comparable benefits (actuar method)		X
NOTE 16C	Contingent assets and liabilities	X	
NOTE 17	Trade suppliers	X	
NOTE 18	Tax and social liabilities	X	
NOTE 19	Other debts and provisions for short-term risks	X	
NOTE 20	Banks, cash advances, discount credits		X
NOTE 21	Sales revenue and other income	X	
NOTE 22	Purchases	X	
NOTE 23	Transport	X	
NOTE 24	External services	X	
NOTE 25	Taxes and rates	X	
NOTE 26	Other expenses	X	
NOTE 27A	Personnel expenses	X	
NOTE 27B	Personnel, total cost and external personnel	X	
NOTE 28	Provisions and impairment listed in the balance sheet		X
NOTE 29	Financial expenses and income	X	
NOTE 30	Other expenses and income o.o.a		X
NOTE 31	Appropriation of profit and other items for the last five periods	X	
NOTE 32	Output for the period		X
NOTE 33	Purchases for production		X
NOTE 34	Summary sheet of main financial indicators	X	
NOTE 35	List of social, environmental and corporate responsibilities information		X
NOTE 36	Tables of codes	X	
NOTE 37	Income tax determination	X	

(1) Undated Notes are not to be included in the financial statements. Their content can be improved by the entities
A : Applicable A / N: Not Applicable
For example, for an entity that does not have stocks and work in progress, it must check at the intersection (Line NOTE 6 & Column N / A)

THERMAX SENEGAL SARL

NOTE 2 : COMPULSORY INFORMATION

A . DECLARATION OF COMPLIANCE TO SYSCOHADA

The financial statements have been prepared in accordance with the OHADA Accounting System, which came into force on January 1, 2018 and with the provisions of the Uniform Act on Accounting Law and Financial Reporting. The annual accounts for 2018 are presented taking into account the changes in methods contained in this new standard.

B. ACCOUNTING RULES AND METHODS

The financial statements have been prepared in accordance with the conventions, postulates and valuation rules issued by SYSCOHADA AND the Uniform Act.

C. EXEMPTIONS FROM POSTULATES AND ACCOUNTING PRINCIPLES

Respect for all postulates and accounting conventions without any derogation

D. ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET, PROFIT AND LOSS STATEMENT AND CASH FLOW STATEMENT

NOTES 7 : CUSTOMERS

Entity Name : THERMAX SENEGAL — Year Ended : 31/12/2018

Identification number : 005308582 2A2 — Duration (month) : 12

Narration	Year N	Year N-1	Variation in %	Accounts receivables within one year at least	Receivables more than a year and atleast two years	Receivables more than two years
Customers (excluding reserves of ownership Group)	-	25 533 713	-100%			-
Customers, bills receivables in portfolio (excluding reserves of own)	-	-				
Customers and bills receivables with reserves of ownership	-	-				
Customers, Group companies, Bills receivable	-	-				
Claims on disposal of non-current assets	-	-				
Customers, unmatured discounted bills	-	-				
Customers,litigious claims or doubtful	-	-				
Customers income receivable	-	-				
GROSS TOTAL CUSTOMERS	**-**	**25 533 713**	**-100%**	**-**	**-**	**-**
Impairment of accounts receivables	-	-				
TOTAL NET OF IMPAIRMENT	**-**	**25 533 713**	**-100%**	**-**	**-**	**-**
Customers, advances and deposits received	-	-				
Customers - Group, advances and deposits received	-	-				
Sundry Creditor customers	-	-				
TOTAL CUSTOMER CREDITORS	**-**	**-**				

The variation noted is explained by the clearance of the claim of 2017 and the absence of activity over the period 2018.

NOTES 8 : OTHER RECEIVABLES

Narration	Year N	Year N-1	Variation in %	Accounts receivables within one year at least	Receivables more than a year and atleast two years	Receivables more than two years
Personnel	-	-				
Social organizations	-	-				
State and public collectives	128 508 119	165 672 033	-22%			
International organizations	-	-				
Shareholder, partners and Group companies	-	-				
Transition accounts special adjustment related to the revision of SYSCOHADA	-	-				
Sundry debtors	160 000	160 000				
Permanent unblocked accounts of establishments and branches	-	-				
Liaison accounts, expenses	-	-				
Liaison accounts of companies in Joint Venture	-	-				
GROSS TOTAL OTHER RECEIVABLES	**128 668 119**	**165 832 033**	**-22%**	**-**	**-**	**-**
Impairment of other receivables	-	-				
TOTAL NET OF IMPAIRMENT	**128 668 119**	**165 832 033**	**-22%**	**-**	**-**	**-**

The decrease in tax receivables is mainly due to the use of the tax refund certificate worth CFAF 42 915 749 to pay the first instalment deposit in 2017.

Tax claims as at 31.12.2018 are detailed as follows:

VAT invoiced on services: 69 867 623 FCFA

States various receivables: 54 348 576 FCFA

VAT credit to be carried forward: FCFA 679,320

Recoverable VAT on external services: CFAF 172,800

VAT on unpaid bills (Accrual): 3 439 800 FCFA

Old receivables correspond to the VAT invoiced to an exonerated customer of 69 867 623 FCFA and the recoverable VAT of the fiscal years 2016 and 2017 of 54 348 576 FCFA requested in refund in November 2018.

NOTES 11 : CASH TREASURY

Narration	Year N	Year N-1	Variation in %
Local Bank	169 536 654	432 896 613	-61%
Other regional state banks	-	-	
Bank, term deposit	-	-	
Other banks	-	-	
Banks, accrued interest	-	-	
Postal cheques	-	-	
Financial institutions	-	-	
Financial institutions, accrued interest	-	-	
Treasury instruments	-	-	
Cash	-	697 328	-100%
Mobile electonic cash	-	-	
State controls advances, credits and internal transfers	-	-	
GROSS TOTAL TREASURY	**169 536 654**	**433 593 941**	**-61%**
Impairment	-	-	
TOTAL NET OF IMPAIRMENT	**169 536 654**	**433 593 941**	**-61%**

The bank reconciliation was made on 31.12.2018, the cash has not been inventoried because it does not have a balance at 31.12.2018

Bank availabilities decreased by 61% in 2018 and correspond to 2017 dividend payments amounting to 172,000,000 FCFA, various taxes and other expenses (mainly fees).

NOTES 13 : CAPITAL

Nominal value of shares : 10 000

Names and Fisrt names	Nationality	Nature of shares (Ordinary or preference)	Number	Total amount	Disposal or repayments Within the year
THERMAX INTERNATIONAL LIMITED	Société de droit mauritien		11 000	110 000 000	
Shareholder, uncalled capital					
TOTAL			**11 000**	**110 000 000**	

The initial capital in 2015 was FCFA 5,100,000 and was increased during the year following the Extraordinary General Meeting of January 23, 2015 from FCFA 104,900,000 to FCFA 110,000,000.

NOTES 14 : PREMIUMS AND RESERVES

Narration	Year N	Year N-1	Variation in absolute value
Issue premiums			-
Contribution premium			-
Merger premium			-
Conversion premium			-
Other premiums			-
TOTAL PREMIUMS			**-**
Legal reserves	22 000 000	22 000 000	-
Statutory and contractual reserves			-
Reserves of long term net capital gains			-
Reserves allocation of bonus shares to employees and directors			-
Other regulated reserves			-
TOTAL AVAILABLE RESERVES	**22 000 000**	**22 000 000**	**-**
Optional reserves			
Retained earnings	**161 204 053**	**122 092 336**	**32%**

The carry-over increased from CFAF 122,092,336 to FCFA 161,204,053 following the Ordinary General Shareholders' Meeting of 2017 results. held on March 30, 2018.

THERMAX SENEGAL SARL

NOTES 16C : CONTINGENT ASSETS AND LIABILITIES

Narration	Year N	Year N-1
Contingent asset		
Litigation		
Contingent liabilities	**2 254 484 772**	
Litigation		
Thermax Senegal has received a tax adjustment and the outcome is not yet known	**2 254 484 772**	

NOTES 17 : TRADE SUPLLIERS

Narration	Year N	Year N-1	Variation in absolute value	Variation in %	Debts for more than a year	Debts for more than a year and of at least two years	Debts of more than two years
Suppliers, debts in account (outside group)	1 268 600	6 448 864	-5 180 264	-80%			
Suppliers, bills payables (outside group)							
Suppliers, bills payable group companies							
Suppliers, invoice receivable	23 549 800	21 489 913	2 059 887	10%	124 000		
Suppliers - Group companies							
SUPLLIERS TOTAL	**24 818 400**	**27 938 777**	**-3 120 377**	**-11%**	**124 000**	**-**	**-**
Suppliers, debtors							
Suppliers-Group advances and deposits paid							
Rebates, refunds and other deductions receivable							
TOTAL SUPPLIERS, DEBTOR					**-**	**-**	**-**

The 11% decrease in trade payables is due to the fact that there is no activity and the only expenses incurred in 2018 are fees

Deloitte for accounting assistance and KPMG for auditing

<u>Details of detainees more than a year old</u>

CivilLawFirmAmadouNdiaye:10,000FCA

Touba gas: 114,000 FCFA

NOTES 18 : TAX AND SOCIAL LIABILITIES

Narration	Year N	Year N-1	Variation in absolute value	Variation in %	Debts for more than a year	Debts for more than a year and of at least two years	Debts of more than two years
Staff advances on account							
Staff remunerations due	20 121 235	30 175 383	-10 054 148	-33%	20 121 235		
Other staff		2 768 075	-2 768 075	-100%			
Social security		105 840	-105 840	-100%			
Additional retirement benefits	1 670 186	1 785 386	-115 200	-6%	1 670 186		
Other social organizations							
TOTAL SOCIAL DEBTS	**21 791 421**	**34 834 684**	**-13 043 263**	**-37%**	**21 791 421**	**-**	**-**
State, income tax	4 536 488	57 301 800	-52 765 312	-92%			
State, other taxes and rates	100 328	197 786	-97 458	-49%			
State, VAT							
State, taxes withheld at source		5 420 003	-5 420 003	-100%			
Other state, debts		490 784	-490 784	-100%			
TOTAL TAX DEBTS	**4 636 816**	**63 410 373**	**-58 773 557**	**-93%**	**-**	**-**	**-**
TOTAL TAX AND SOCIAL DEBTS	**26 428 237**	**98 245 057**	**-71 816 820**	**-73%**	**-**	**-**	**-**

The decrease in social debts of 37% is explained by the fact that there is more activity and thus more employee, the last employee resigned in March 2018. In addition to this, Thermax Senegal has also not paid vacation pay for employees who left at the end of September 2017.

The reduction in tax debts of 93% is explained by the fact that there is more activity and therefore no income, the only taxes to pay are those related to the deficit as the Minimum tax tax on non deductibles expenses

<u>Details of detainees more than a year old</u>

Leave: FCFA 20,121,235

IPRES contributions: FCFA 1,670,186

NOTES 19 : OTHER DEBTS AND PROVISIONS FOR SHORT-TERM RISKS

Narration	Year N	Year N-1	Variation in absolute value	Variation in %	Debts for more than a year	Debts for more than a year and of at least two years	Debts of more than two years
International organizations	-	-	-				
Shareholder, transactions in kind	-	-	-				
Shareholders, current account	-	-	-				
Shareholders, dividends payable	-	-	-				
Group, current accounts	-	-	-				
Other related debts	-	-	-				
TOTAL SHAREHOLDERS DEBTS	-	-	-		-	-	-
Sundry accounts, creditors	-	33 135 600	- 33 135 600	-100%			
Bondholders	-	-	-				
Remuneration of directors	-	-	-				
Account of factor	-	-	-				
Outstanding payments on unpaid securities (equity investment)	-	-	-				
Transition account special adjustment related to the revision of the SYSCOHADA	-	-					
Other sundry creditor	-	470 700	- 470 700	-100%			
TOTAL SUNDRY CREDITORS	**-**	**33 606 300**	**- 33 606 300**	**-100%**	**-**	**-**	**-**
Permanent unblocked accounts of establishments and branches	-	-					
Liaison Accounts, expenses and income	-	-					
Liaison Account, Joint Venture	-	-					
TOTAL LIAISON ACCOUNT	**-**	**-**	**-**		**-**	**-**	**-**
Provisions for short term risks (see note 28)							

The miscellaneous accounts receivable mainly records Thermax India’s re-invoicing of salaries paid to staff on behalf of the company. On the last bills had been fully reimbursed.

NOTES 21 : SALES REVENUE AND OTHER INCOME

Narration	Year N	Year N-1	Variation in %
Sales in the region	-	-	
Sales out of the region	-	-	
Sales to group entities	-	-	
Sales via internet	-	-	
TOTAL : GOODS SOLD	-	-	
Sales of finished goods in the region	-	-	
Sales out of the region	-	-	
Sales to group entities	-	-	
Sales via internet	-	-	
TOTAL : SALES OF FINISHED GOODS	-	-	
Works of finished goods in the region	-	907 297 592	-100%
Works out of the region	-	-	
Works to group entities	-	-	
Works via internet	-	-	
TOTAL : SALES OF WORKS AND SERVICES SOLD	-	907 297 592	-100%
Accessory revenue	-	-	
TOTAL : REVENUE	-	907 297 592	-100%
Capitalized production	-	-	
Operating subventions	-	-	
Other incomes	3 573 003	281	1271431%
TOTAL : OTHER INCOME	3 573 003	281	1271431%
TOTAL	**3 573 003**	**907 297 873**	**-100%**

The absence of turnover is due to the non-renewal of Thermax’s contract with Dangote, which was its only customer.

THERMAX SENEGAL SARL

NOTES 22 : PURCHASES

Narration	Year N	Year N-1	Variation in %
In the region	-	-	
Out of the region	-	-	
From group entities	-	-	
TOTAL : PURCHASE OF GOODS	-	-	
In the region	-	-	
Out of the region	-	-	
From group entities	-	-	
TOTAL : PURCHASES OF RAW MATERIALS AND RELATED SUPPLIES	-	-	
Consumable materials	-	-	
Combustible materials	-	-	
Cleaning products	-	-	
Supplies of workshop and factory stores	-	-	
Water	-	-	
Electricity	-	-	
Other energies	7 100	4 737 253	-100%
Cleaning supplies	9 000	293 830	-97%
Office supplies	3 500	296 250	-99%
Small equipment and tools	-	8 862 451	-100%
Research work, services renderred, machinery and tools	-	-	
Purchase costs	-	-	
Additional purchase cost	-	-	
Discounts, rebates and discount received	-	-	
TOTAL : OTHER PURCHASES	**19 600**	**14 189 784**	**-100%**

The decrease in purchases is due to the lack of activity in 2018.

NOTES 23 : TRANSPORT

Narration	Year N	Year N-1	Variation in %
Transport on sales	-	-	
Transport on behalf of third parties	-	-	
Personnel transportation expense	-	-	
Transports of letters, expenses	-	-	
Other transport cost	170 900	384 500	-56%
TOTAL	**170 900**	**384 500**	**-56%**

The decrease in transport costs is explained by the absence of activity in 2018.

NOTES 24 : EXTERNAL SERVICES

Narration	Year N	Year N-1	Variation in %
General sub-contracts	-	-	
Rents and rental expenses	419 000	12 582 729	-97%
Lease payments	-	-	
Servicing, repairs and maintenance	-	181 200	-100%
Insurance premium	-	-	
Studies, research and documentation expenses	-	639 000	-100%
Advertisement, publications, public relations	-	-	
Telecommunication expenses	179 250	1 822 824	-90%
Bank charges	3 431 696	6 164 963	-44%
Remunerations of intermediaries and consultants	32 883 361	40 257 576	-18%
Personnel in-service training expenses	-	-	
Royalties, patents, licences, trademarks, concessions and similar rights	-	-	
Contributions	-	-	
Other external expenses	469 026	24 499 250	-98%
TOTAL	**37 382 333**	**86 147 542**	**-57%**

External services decreased by 57% due to lack of activity in 2018.

NOTES 25 : TAXES AND RATES

Narration	Year N	Year N-1	Variation in %
Direct taxes	6 367 037	10 343 257	-38%
Indirect taxes	-	1 164 641	-100%
Registration duties	1 115	21 882	-95%
Fiscal penalties and fines	-	-	
Other taxes	100 328	197 786	-49%
TOTAL	**6 468 480**	**11 727 566**	**-45%**

The 45% decrease in taxes is explained by the fact that there is no activity and the only taxes paid or payable come from the deficit or are fixed taxes.

NOTES 26 : OTHER EXPENSES

Narration	Year N	Year N-1	Variation in %
Losses on customers's debts	-	-	
Losses on other debtors	-	-	
Share of profits on operations made in common	-	-	
Book value of current disposal of non-current assets	-	-	
Director's fees and other remunerations of administrators	-	-	
Donations and Sponsorship	216	29 657	-99%
Other sundry expenses	-	-	
Impairment charges and provisioned short term operating expenses (see note 28)	100 328	197 786	-49%
TOTAL	**100 544**	**227 443**	**-56%**

The other charges have decreased because there is no more activity.

NOTES 27 : PERSONNEL EXPENSES

Narration	Year N	Year N-1	Variation in %
Direct remunerations paid to local staff	531 838	310 818 494	-99,83%
Fixed allowance paid to staff	8 320	4 577 394	-99,82%
Social expenses	- 197 435	21 814 202	-100,91%
Remuneration and social charges, sole proprietor	-	-	
Remuneration transferred to external staff	-	168 916 811	-100,00%
Other social expenses	56 800	6 154 091	-99,08%
TOTAL	**399 523**	**512 280 992**	**-99,92%**

Personnel expenses decreased by 99% as all employees resigned in 2017 with the exception of one who remained until the end of March 2018.

NOTES 27B : STAFF, TOTAL COSTS AND EXTERNAL STAFF

	STAFF AND TOTAL COSTS	**PERSONNEL**							**TOTAL COST**						
	CATEGORIES	**Locals**		**Other OHADA countries**		**Outside OHADA**		**TOTAL**	**Locals**		**Other OHADA countries**		**Outside OHADA**		**TOTAL**
		M	**F**	**M**	**F**	**M**	**F**		**M**	**F**	**M**	**F**	**M**	**F**	
	A. OWN SATFF														
YA	1. Senior Management														
YB	2. Senior Technician and Middle level Managers					1		1					540 158		540 158
YC	3. Technicians, foremen and skilled workers														
YD	4. Clerks, unskilled workers, manual labour and apprentice														
YE	**TOTAL (1)**					**1**		**1**					**540 158**		**540 158**
YF	PERMANENTS					1		1					540 158		540 158
YG	CASUAL														
	B. EXTERNAL STAFF								**BILLED TO THE COMPANY**						
YH	1. Senior Management														
YI	2. Senior Technician and Middle level Managers														
YJ	3. Technicians, foremen and skilled workers														
YK	4. Clerks, unskilled workers, manual labour and apprentice														
YL	**TOTAL (2)**														
YM	PERMANENTS														
YN	CASUAL														
YO	**TOTAL (1+2)**					**1**		**1**							

M:Masculine F:Feminine

THERMAX SENEGAL SARL

NOTES 29 : FINANCIAL EXPENSES AND INCOME

Narration	Year N	Year N-1	Variation in %
Interest on borrowings	-	-	
Interest on leasing rentals nd assimilated contracts	-	-	
Discunts granted	-	-	
Other interest	-	-	
Discounting bills of exchange	-	-	
Losses, foreign exchange	-	20 114 341	-100%
Losses on disposal of investment securities	-	-	
Loos from bonus shares granted to employees and directors	-	-	
Losses on financial risks	-	-	
Impairment expense and short term financial provisions (see note 28)	-	-	
SUB TOTAL : FINANCIAL EXPENSES	-	20 114 341	-100%
Interest from loans and other receivables	-	-	
Investmesnt from long term investments	-	-	
Discount received	-	-	
Income from short term investment securities	-	-	
Foreign exchange gain	-	18 547 524	-100%
Gains from disposal of short term investment securities	-	-	
Gains on financial risks	-	-	
Impairment expenses and provision on financial expenses written backs (see note 28)	-	-	
SUB TOTAL : FINANCIAL REVENUE	-	18 547 524	-100%
TOTAL	**-**	**-1 566 817**	**-100%**

Foreign exchange gains and losses decreased due to the absence of transactions between Thermax Senegal and Thermax India.

NOTES 31 : APPROPRIATION OF PROFIT AND OTHER ITEMS FOR THE LAST FIVE PERIODS

EXERCICE	Year N	N-1	N-2	N-3	N-4
NATURE OF INDICATIONS					
CAPITAL STRUCTURE AT THE END OF THE PERIOD (2)	-				
Share Capital	110 000 000	110 000 000	110 000 000	110 000 000	-
Ordinary Shares					
Non voting preference shares					
New shares to be issued					
By conversion of debentures					
By exercise of pre-emptive subscription rights					
OPERATIONS AND THE RESULTS OF THE PERIOD (3)					
Turnover net of taxes	-	907 297 592	1 357 200 000	1 510 906 559	-
Result of ordinary activities (ROA) before write back and charging of depreciation (Operating and financial)	41 709 429	278 848 264	337 272 806	449 646 830	-
Workers' participation in the profits	-	-	-	-	-
Company Tax	4 536 488	57 301 800	109 100 700	176 226 600	-
Net profit after tax (4)	46 245 917	211 111 717	228 172 106	273 420 230	-
PROFIT PER SHARE					
Profit distributed (5)	172 000 000	192 500 000	165 000 000		
Dividend per Share					
STAFF AND WAGES POLICY					
Average staff during the period (6)	1	38	52	40	
Average external staff					
Total staff costs during the period (7)	540 158	315 395 888	542 885 702	598 003 091	-
Social benefits in kind paid during the period (8) {Social Insurance, Social Advantages}	-140 635	27 968 293	37 995 322	33 253 187	-
External Personnel costs invoiced to the company (9)	-	168 916 811	241 885 516	227 555 032	-

(1) Including the period whose financial statements are submitted for approval by shareholders
(2) In case capital has been partly called up, the amount net yet called up
(3) The items here are those figuring in the profit and loss account
(4) The results, in case of a loss, is shown in parenthesis
(5) Period N corresponds to dividend proposed in the previous period
(6) Permanent Staff
(7) Total of accounts 661,662,663,
(8) Total of accounts 664,668
(9) Account 667

NOTES 34 : SUMMARY SHEET OF MAIN FINANCIAL INDICATORS

Narration	Year N	Year N-1	Variation in %
ANALYSIS OF THE ACTIVITY			
INCOME STATEMENT BALANCES			
Turn Over		907 297 592	-100%
Commercial margin			
Added value	-41 309 906	794 788 974	-105%
Gross operating profit	-41 709 429	282 507 982	-115%
Financial income		-1 566 817	-100%
Profit from ordinaries activities	-41 709 429	278 848 264	-115%
Profit off Ordinaries activities		-10 434 747	-100%
Net Income	-46 245 917	211 111 717	-122%
DETERMINATION OF SELF FINANCING CAPACITY			
Gross Operating Profit (GOP)	-41 709 429	282 507 982	-115%
(+) Book value of current assets disposed (account 654)			
(-) Income from current assets disposed (account 754)			
(=) OPERATING SELF FINANCING CAPACITY	-41 709 429	282 507 982	-115%
(+) Financial income			
(+) Exchange gains		18 547 524	-100%
(+) Transfer of financial expenses			
(+) Income OOA		25 533 713	-100%
(-) Transfer expenses OOA			
(-) Financial expenses			
(-) Exchange loss		20 114 341	-100%
(-) Participation (Investment)			
(-) Income tax	4 536 488	57 301 800	-92%
(=) GLOBAL SELF-FINANCING CAPACITY (GSFC)	**-46 245 917**	**249 173 078**	**-119%**
(-) Dividends distributed during the year	172 000 000	192 500 000	-11%
(=) SELF FINANCING	**- 218 245 917**	**56 673 078**	
PROFITABILITY ANALYSIS			
Economic profitability = Operating profit (a) / Equity + financial debts	-0,17	0,60	-1,28
Financial profitability = Net profit / Equity	-0,19	0,45	-1,41
ANALYSIS OF THE FINANCIAL STRUCTURE			
Equity and assimilated ressources	246 958 136	465 204 053	-47%
(+) Financial debts* and other assimilated ressources (b)			
(=) Stable ressources	246 958 136	465 204 053	-47%
(-) Capitalized assets (b)			
(=) WORKING CAPITAL (1)	246 958 136	465 204 053	-47%
(+) Current assets (b)	128 668 119	191 400 246	-33%
(-) current liabilities (b)	51 246 637	159 790 134	-68%
(=) OPERATING FINANCING REQUIREMENTS (2)	77 421 482	31 610 112	145%
(+) Current assets OOA (b)			
(-) Current liabilities OOA (b)			
=FINANCIAL REQUIREMENT OOA			
(=) GLOBAL FINANCING REQUIREMENT (4) = (2) + (3)	77 421 482	31 610 112	145%
(=) NET LIQUIDITY (5) = (1) - (4)	169 536 654	433 593 941	-61%
CONTROL : NET LIQUIDITY = (LIQUIDITY - ASSET) - (LIQUIDITY - LIABILITY)	169 536 654	433 593 941	
ANALYSIS OF CHANGE IN LIQUIDITY			
(+) Cash flow from operating activities	-92 057 287	292 268 129	-131%
(-) Cash flow from investing activities		574 500	-100%
(+) Cash flow from financing activities	-172 000 000	-192 500 000	-11%
(=) CHANGES IN TREASURY FOR THE PERIOD	-264 057 287	100 342 629	
ANALYSIS OF THE CHANGE IN FINANCIAL INDEBTNESSS NET			
(+) Gross financial indebtedness (Financial debts* + liquidity - liabilities)			
(-) Liquidity - assets	169 536 654	433 593 941	-61%
(=) FINANCIAL INDEBTEDNESS NET	-169 536 654	-433 593 941	-61%

(a) Operating profit after theoretical tax on profit.

(b) Exchange differences have to be eliminated inorder to bring back the receivables and liabilities at their initial value. Financial debts*=Loans and other financial debts + debts on lease acquisition.

THERMAX SENEGAL SARL

NOTES 36 : TABLE OF CODES

Legal Form Code (1)			**1-Country of the head office Code**		
Public limited company with public participation	0	0	OHADA countries (2)		
Public limited company	0	1	Others African countries	2	1
Limited Liability Company (LLC)	0	2	France	2	3
Limited Partnership (SCS)	0	3	Others European Union coutries	3	9
Company in Collective Name	0	4	U.S.A	4	0
Company in Participation	0	5	Canada	4	1
Economic interest group	0	6	Others American countries	4	9
Association	0	7	Asian Countries	5	0
Joint stock company	0	8	Others countries	9	9
Other legal forms (indicate)	0	9			
Tax system code					
Normal		1			
Simplified		2			
Synthetic		3			
Tax Package		4			

(1) Replace 0 by 1 if company has a priority agreement
(2) Benin = 01 ; Burkina = 02 ; Côte d'Ivoire = 03 ; Guinée Bissau = 04 ; Mali = 05 ; Niger = 06 ; Sénégal = 07 ; Togo = 08 ; Cameroun = 09 ; Congo = 10; Gabon = 11 ; République Centrafricaine = 12 ; Tchad = 13 ; Comores = 14 ; Guinée= 15 ; Guinée Equatoriale = 16 ; Congo RDC = 17

NOTES 37 : COMPANY INCOME TAX DETERMINATION

Narration	**Montant**
1. NET ACCOUNTING RESULT OF THE FINANCIAL YEAR	-41 709 429
2. TAX REINSTATEMENT	902 949
Phone charges	37 500
Reception and restoration	27 700
Other miscellaneous charges	837 533
Difference on payment (charges)	216
3. DEDUCTIONS	3 258 894
Provision of holidays 2017	3 258 861
Difference on payment (product)	33
4. TAXABLE PROFIT BEFORE DEDUCTION OF PREVIOUS LOSSES	-44 065 374
5. PREVIOUS LOSSES (1)	
………………………	
………………………	
6: AMORTIZATION REGULARLY DIFFERED	
………………………	
7: YEAR AMORTIZATION TO BE DIFFERED	
………………………	
8: FISCAL RESULT OF THE YEAR (8=4-5-6+7)	**-44 065 374**
9: COMPANY INCOME TAX AT THE RATE OF......	**4 536 488**

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION
(A Subsidiary of Thermax Engineering Singapore Pte. Ltd)

Board of Directors

Hemant Mohgaonkar
Amitabha Mukhopadhyay
Ramil E Bugayong
Maria Carmela B. Salazar
Viktor Ivan Nicolo T. Marales
Brijesh Dev

Registered Office

10/F, 8 Rockwell,
Hidalgo corner Plaza Drive, Rockwell Center,
Makati City 1200, Philippines

Administrative Office

Unit 4033, 40th floor, PBCOM Tower,
6795 Ayala Ave. Corner Rufino,
Makati City 1226, Metro Manila, Philippines

Auditors

SpCip Gorres Vebyo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Bankers

Citi Bank,NA.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Thermax Energy & Environment Philippines Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thermax Energy & Environment Philippines Corporation (the Company), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those agreed with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 17 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Thermax Energy & Environment Philippines Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 112825
SEC Accreditation No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2018,
February 9, 2018, valid until February 8, 2021
PTR No. 7332516, January 3, 2019, Makati City

May 17, 2019

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION
(A Subsidiary of Thermax Engineering Singapore Pte. Ltd)

Statement of Financial Position
As On March 31, 2019
(With Comparative Figure for 2018)

	Notes	**31-Mar 2019 PHP**	**31-Mar 2019 Rs Lacs**	31-Mar 2018 PHP	31-Mar 2018 Rs Lacs
ASSETS					
Current Assets					
Cash in bank	4	**8,423,371**	**110.59**	1,662,111	20.78
Trade and other receivables	5 & 10	**25,829,176**	**339.11**	2,290,876	28.64
Security deposits	7	**715,846**	**9.40**	555,470	6.94
Prepayments and other current assets	6	**2,139,387**	**28.09**	1,410,934	17.64
Total Currents Assets		**37,107,780**	**487.18**	5,919,391	74.01
Non-current Assets					
Office Equipment	8	**16,915**	**0.22**	–	–
Deferred tax asset	16	**600,000**	**7.88**	–	–
		37,724,695	**495.28**	5,919,391	74.01
LIABILITIES AND EQUITY					
Current Liabilities					
Acrruals and other payables	9	**5,952,998**	**78.16**	2,235,944	27.96
Due to related party		–	–	–	–
Total Liabilities		**5,952,998**	**78.16**	2,235,944	27.96
Equity					
Capital stock	11	**49,000,000**	**643.32**	22,500,000	281.31
Deficit		**(17,228,303)**	**(226.19)**	(18,816,553)	(235.26)
Total Equity		**31,771,697**	**417.13**	3,683,447	46.05
		37,724,695	**495.28**	5,919,391	74.01

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income
FOR THE YEAR ENDED MARCH 31, 2019
(With Comparative Figure for the year from April 1, 2017 to March 31, 2018)

	Notes	**31-Mar 2019 PHP**	**31-Mar 2019 Rs Lacs**	31-Mar 2018 PHP	31-Mar 2018 Rs Lacs
Revenues	12	**20,712,888**	**271.94**	5,026,826	62.85
Cost And Expenses	14	**19,726,559**	**258.99**	19,916,735	249.02
Loss From Operations		**986,329**	**12.95**	(14,889,909)	(186.17)
Other Income	13	**1,921**	**0.03**	21,399	0.27
Loss Before Income Tax		**988,250**	**12.97**	(14,868,510)	(185.90)
Provision For (Benefit From) Income Tax	16	**(600,000)**	**(7.88)**	1,174,376	14.68
Net Loss		**1,588,250**	**20.85**	(16,042,886)	(200.58)
Other Comprehensive Income		–	–	–	–
Total Comprehensive Loss		**1,588,250**	**20.85**	(16,042,886)	(200.58)

See accompanying Notes to Financial Statements.

Statement of Equity
FOR THE YEAR ENDED MARCH 31, 2019
(With Comparative Figure for the year April 1, 2018 to March 31, 2019)

	(Note 11) Capital Stock		**Deficit**		**Total**	
	PHP	**Rs Lacs**	**PHP**	**Rs Lacs**	**PHP**	**Rs Lacs**
For the year Ended March 31, 2019						
Balances at beginings of year	22,500,000	295.40	(18,816,553)	(247.04)	3,683,447	48.36
Payment of subscribed share capital	26,500,000	347.92	-	-	26,500,000	347.92
Total Comprehensive Loss						
Net Income	-	-	1,588,250	20.85	1,588,250	20.85
Balance at end of year	49,000,000	643.32	(17,228,303)	(226.19)	31,771,697	417.13
For the year Ended March 31,2018						
Balance at beginings of year	9,400,000	117.53	(2,773,667)	(34.68)	6,626,333	82.85
Payment of subscribed share capital	13,100,000	163.79	-	-	13,100,000	163.79
Total Comprehensive Loss					-	-
Net Loss	-	-	(16,042,886)	(200.58)	(16,042,886)	(200.58)
Balance at end of year	22,500,000	117.53	(18,816,553)	(235.26)	3,683,447	(117.73)

See accompanying Notes to Financial Statements

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2019

(With Comparative Figure for the year ended March 31, 2018)

	Note	**31-Mar 2019**		31-Mar 2018	
		PHP	**Rs Lacs**	PHP	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (loss) before income tax		**988,250**	**12.97**	(14,868,510)	(185.90)
Adjustment for :					
Bad debt expenses	5 & 13	**147,321**	**1.93**		
Depreciation	8	**2,728**	**0.04**		
Unrealized gain on foreign exchange		**(43)**	**0.00**		
Interest income	4	**(1,878)**	**(0.02)**	(1,625)	(0.02)
Operating loss before working capital changes		**1,136,378**	**14.92**	(14,870,135)	(185.92)
Increase in:					
Trade and other receivables	5	**(23,703,300)**	**(311.20)**	(2,193,376)	(27.42)
Prepayments and other current assets	6	**(728,453)**	**(9.56)**	(894,577)	(11.18)
Security Deposit	7	**(160,376)**	**(2.11)**	(58,628)	(0.73)
Increase (Decrease) in:					
Accruals and other payables	9	**3,734,733**	**49.03**	1,185,478	14.82
Due to affiliate		**-**	**-**	(742,725)	(9.29)
Net cash used for operations		**(19,721,018)**	**(258.92)**	(17,573,963)	(219.73)
Interest received	4	**1,878**	**0.02**	1,625	0.02
Net cash in operating activities		**(19,719,140)**	**(258.89)**	(17,572,338)	(219.70)
CASH FLOWS FROM INVESTMENT ACTIVITY					
Purchase of office equipment	8	**(19,643)**	**(0.26)**		
CASH FLOWS FROM FINANCING ACTIVITY					
Proceeds from issuance of share capital	11	**26,500,000**	**347.92**	13,100,000	163.79
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**43.00**	**0**		
NET INCREASE (DECREASE) IN CASH		**6,761,260**	**88.77**	(4,472,338)	(55.92)
CASH AT BEGINNING OF YEAR		**1,662,111**	**21.82**	6,134,449	76.70
CASH AT END OF YEAR	4	**8,423,371**	**110.59**	1,662,111	20.78

See accompanying Notes to Financial Statements.

Exchange Rate : as at 31 March 19 is 1 PHP = Rs. 1.3128

Exchange Rate : as at 31 March 18 is 1 PHP = Rs. 1.2502

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Thermax Energy & Environment Philippines Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 19, 2016 with a corporate life of fifty (50) years from and after the date of issuance of the certificate of incorporation in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg. 68) and the Foreign Investments Act of 1991 (Republic Ac No. 7042, as amended).

The Company is primarily involved into marketing & sales support services to Thermax Ltd. and its group companies to negotiate and finalize order terms with customers and sell its products/industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, chemicals, absorption chillers, geothermal plants, solar based systems & power plants etc., support customers in installation, commissioning of equipment, sell spare parts and provide after-sales & related services to third-party customers in Philippines.

The Company is a wholly-owned subsidiary of Thermax Engineering Singapore Pte. Ltd. (the Parent Company). The Company's Ultimate Parent Company is RDA Holdings Pvt. Ltd. which was incorporated under the laws of India.

The Company's registered office is Unit 4033, 40th Floor PBCOM Tower, 6795 Ayala Ave., corner Rufino, Makati City.

The Company has four (4) employees as at March 31, 2019 and 2018.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 17, 2019.

2. Summary of Significant Accounting Policies

Basis of preparation

The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

PFRS for Small Entities

In March 2018, the Philippine Securities and Exchange Commission resolved to adopt PFRS for Small Entities (the Framework) as part of its rules and regulations on financial reporting. This Framework was developed in response to feedback of small entities that PFRS for SMEs is too complex to apply. By reducing choices for accounting treatment, eliminating topics that are generally not relevant to small entities, simplifying methods for recognition and measurement, and reducing disclosure requirements, the Framework allows small entities to comply with the financial reporting requirements without undue cost or burden. Some of the key simplifications introduced by the Framework are as follows:

- For defined benefit plans, an entity is required to use the accrual approach in calculating benefit obligations in accordance with Republic Act (RA) 7641, The Philippine Retirement Pay Law, or company policy (if superior than RA 7641). Accrual approach is applied by calculating the expected liability as of reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.
- Investment properties can be carried either at cost or at fair value, depending on the policy choice made by the entity.
- There is no concept of "finance lease" under the Framework. All lease receipts (payments) are recognized as income (expense) as earned (incurred).
- Inventories are to be subsequently valued at the lower of cost and market value (i.e., the probable selling price to willing buyers as of reporting date).
- Entities are given a policy choice of not recognizing deferred taxes in the financial statements.

The Company plans to adopt the Framework when it becomes mandatory starting January 1, 2019.

Financial Instruments

Classification

The following are basic financial instruments:

- Cash
- A debt instrument that satisfies specific criteria
- A commitment to receive a loan that
  - o Cannot be settled net in cash, and
  - o When the commitment is executed, is expected to meet the conditions of a debt instrument above
- An investment in non-convertible preference shares and non-puttable ordinary shares or preference shares.

Other financial instruments would include instruments that are not within the scope of basic financial instruments.

The Company's basic and other financial assets and liabilities include "Cash in bank", "Trade and other receivables", "Security deposits" and "Accruals and other payables" (except for statutory liabilities).

Recognition

Basic and other financial assets and liabilities are recognized when the entity becomes a party to the contracts.

Initial Measurement of Financial Instruments

Basic financial instruments are measured at their transaction price including transactions costs. If the contract constitutes a financing arrangement it is measured at the present value of future payments discounted at a market rate of interest for a similar instrument (this is not applicable to assets and liabilities classified as current, unless they incorporate a finance arrangement).

If interest is not at a market rate, the fair value would be future payments discounted at a market rate of interest. Other financial instruments are initially measured at fair value, which is usually their transaction price. This will exclude transaction costs.

Subsequent Measurement

Debt instruments are measured at amortized cost using the effective interest rate. Commitments to receive a loan are measured at cost less impairment.

All other financial instruments are measured at fair value at reporting date. The only exception are equity instruments (and related contracts that would result in delivery of such instruments) that are not publicly traded and whose fair value cannot be reliably determined are measured at cost less impairment.

Impairment of Financial Instruments

At each reporting date, an assessment is made by the Company as to whether there is objective evidence of a possible impairment. The impairment loss of financial instruments at amortized cost is the difference between carrying value and the revised cash flows discounted at the original effective interest rate.

The impairment of financial instruments at cost less impairment is the difference between the carrying value and best estimate of the amount that would be received if the asset were sold at the reporting date.

Fair Value

The standard makes use of a fair value hierarchy. This is quoted prices in an active market, prices in recent transactions for the identical assets (adjusted if necessary), and use of a valuation technique (that reflects how the market would expect to price the asset and the inputs reasonably represent market expectations). Fair value, where there is no active market, is only considered reliable if the variability in the range of fair values is not significant and the probabilities of various estimates can be reasonably assessed.

Derecognition

The Company derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expire or are settled.
- The Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset.
- The Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

The Company derecognizes a financial liability when extinguished, cancelled or has expired.

Trade and other receivables

This represents receivables from customers and related parties for services rendered and rolling advances to assignees for business-related expenses. Advances to officers and employees are initially measured at fair value and subsequently measured at amortized cost less any impairment loss.

Prepayments and other current assets

This includes prepaid expenses, input VAT and deferred input VAT.

Prepaid expenses represent advance payments initially recorded as asset when paid. The portion of asset that have been used or expired during the period is charged to expense.

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Security deposits

Security deposits represent rental deposit with the lessor for the condominium unit. These are measured initially at fair value and subsequently measured at amortized cost less any impairment loss.

Office equipment

Office equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of comprehensive income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the property and equipment are available for use and is calculated on a straight-line method over the estimated useful life (EUL) of the asset. The estimated useful life of computer equipment is three (3) years.

The assets' EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of office equipment.

An item of office equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the office equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the statements of comprehensive income for the year.

Impairment of non-financial assets

Prepayments and other current assets and office equipment are assessed at each reporting date to determine whether there is an indication that they are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years

Accruals and other payable

Accruals and other payables are present obligations on the basis of normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. The Company classifies a liability as current when it expects to settle the liability within 12 months after the reporting period.

Other payables represent reimbursement of business-related expenses incurred by the employees. These are initially measured at fair value and subsequently measured at amortized cost.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets and contingent liabilities

Contingent assets are not recognized in the financial statements but disclosed when inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expense is recognized:

Service and commission income

Service and commission income are recognized when services are rendered.

Interest income

Interest income is recognized as it accrues, net of final taxes.

Expenses

Expenses are recorded when incurred and measured at the amount paid or payable.

Employee benefits

Short-term benefits

The Company provides short-term benefits to its employees in the form of salaries and wages, 13th month pay, contributions to SSS/PHIC/HDMF, bonuses and allowances that are presented under salaries, wages and employee benefits as part of expenses.

Leases - Company as lessee

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Income tax

Current tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are recalculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all as part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issue of new shares are shown in the equity as a deduction from proceeds, net of tax. When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Deficit include all current and prior period results of operation as reported in the statement of comprehensive income, net of any dividend declaration.

Events after financial reporting date

Post year-end events that provide additional information about the Company's position at reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Estimates and Judgements

The preparation of the accompanying financial statements in conformity with PFRS for SMEs requires the Company to make use of judgments, estimates and assumptions that affect the amounts on the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

In process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

Lease agreements

The Company has entered into various operating lease agreements during the current year. Based on the evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Company. In determining significant risks and benefits of ownership, the Company considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term. Thus, the Company accounted for these agreements as operating leases.

Functional currency

The Company's management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. It is the currency which measures the performance and reports the results of the Company's operations.

Estimates and Assumptions

Estimating realizability of deferred tax assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying values of deferred tax assets, which the management assessed to be fully recoverable within the next two to three years amounted to ₱600,000 and nil as at March 31, 2019 and 2018, respectively (see Note 16).

4. Cash in Bank

This account pertains to deposits in Citibank, N.A. amounting to ₱8,423,371 and ₱1,662,111 as at March 31, 2019 and 2018, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned amounted to ₱1,878 and ₱1,625 in 2019 and 2018, respectively.

5. Trade and Other Receivables

	2019	2018
Accounts receivable - trade		
Related parties (Note 10)	**₱25,061,811**	₱1,863,376
Third parties	**265,000**	330,000
Advances to suppliers	**411,722**	–
Advances to officers and employees	**90,643**	97,500
	₱25,829,176	₱2,290,876

The Company's aging of trade receivables is as follows:

	2019	2018
Current	**₱23,198,435**	₱1,863,376
Past due accounts but not impaired		
1 - 30 days	**100,000**	330,000
31 - 60 days	**–**	–
Above 60 days	**2,028,376**	–
	₱25,326,811	₱2,193,376

Advances to suppliers pertain to deposit for immigration expenses and down payment for supply and installation of balance plant materials.

Advances to officers and employees represent rolling advances of assignees subject to liquidation.

Notes to Statements of Cash Flows

The Company has written-off receivables amounting to ₱165,000 composed of ₱147,321 receivable from trade receivables and ₱17,679 VAT receivable (with corresponding deferred output VAT payable) and has recognized ₱147,321 bad debts expense for the year ended March 31, 2019 since management believes that the said account was uncollectible and worthless. There was no provision for bad debts for the year ended March 31, 2018.

6. Prepayments and Other Current Assets

	2019	2018
Input VAT	**₱1,289,916**	₱641,903
Prepaid rent	**778,381**	664,974
Creditable withholding tax	**35,809**	580
Deferred input tax	**35,281**	97,284
Advances for liquidation	**–**	6,193
	₱2,139,387	₱1,410,934

7. Security Deposits

This account consists of two (2) months security deposits to the following lessors:

	2019	2018
Regus PLT Centre Inc.	**₱252,122**	₱228,042
Excellent Forex Corp.	**179,200**	179,200
Pragmatic Development & Construction Corp.	**148,228**	148,228
Pilar Maria Daza Baltazar	**136,296**	–
	₱715,846	₱555,470

8. Office Equipment

	2019
Cost	
Additions	**₱19,643**
Accumulated Depreciation	
Depreciation	**2,728**
Net book value	**₱16,915**

9. Accruals and Other Payables

	2019	2018
Deferred output tax	**₱2,702,873**	₱235,005
Advances from customers	**1,761,431**	–
Accrued expenses	**795,497**	1,495,243
Advances from officers and employees	**259,831**	230,871
Fringe benefit tax payable	**211,402**	189,810
Unearned income	**100,000**	–
Withholding tax payable on wages	**86,586**	59,217
Withholding tax payable at source	**19,783**	16,055
SSS, PHIC and HDMF payable	**15,065**	9,270
Documentary stamp tax payable	**530**	473
	₱5,952,998	₱2,235,944

Accrued expenses consist of the following:

	2019	2018
Professional fees	**₱707,421**	₱875,168
Vehicle rental	**55,576**	45,857
House rental	**32,500**	–
Salaries	**–**	574,218
	₱795,497	₱1,495,243

10. Related Party Transaction

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, has transactions with affiliates. The Company's relationships with the related parties are disclosed below:

Related Party	Relationship
Thermax Ltd.	Entity under the common control of the Ultimate Parent Company
PT Thermax International Indonesia	Entity under the common control of the Ultimate Parent Company

Significant transactions of the Company in the normal course of business with related parties are described below. Amount/Volume relates to the amount affecting the profit or loss of the Company. Outstanding balance is inclusive of the VAT receivable from the affiliates. Transactions are generally settled in cash, unless otherwise stated.

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
2019				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	₱16,570,311	₱18,558,748	Non-interest bearing, 30-days	Unsecured, no impairment
Commission on orders (Note 5)	–	1,863,376	Non-interest bearing, 30-days	Unsecured, no impairment
PT Thermax International Indonesia				
Marketing and Sales Support Services (Note 5)	4,142,577	4,639,687	Non-interest bearing, 30-days	Unsecured, no impairment
2018				
Thermax Limited				
Commission on orders (Note 5)	₱4,703,183	₱1,863,376	Non-interest bearing, 30-days	Unsecured, no impairment

The Company has raised sales invoices with Thermax Limited and PT Thermax International Indonesia for the provisioning of marketing and sales support services. The Company billed its affiliates at operating expenses plus mark-up rate of 5% for the year ended March 31, 2019.

Commission on orders pertains to commission for negotiation and finalization of orders executed by Thermax Limited and its subsidiary companies/associates during the fiscal year ended March 31, 2018. This receivable is included in Accounts receivable - trade (see Note 5).

Key management personnel compensation

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the year ended March 31, 2019 and 2018 and amounted to ₱2,441,430 and ₱2,242,877, respectively.

11. Share Capital

The Company's share capital as at March 31, 2019 and 2018 consists of:

	2019		2018	
	Number of shares	**In Philippine Peso**	**Number of shares**	**In Philippine Peso**
Authorized capital stock				
₱100 par value per share	900,000	₱90,000,000	900,000	₱90,000,000
Subscribed capital stock				
₱100 par value per share	490,000	₱49,000,000	225,000	₱22,500,000
Paid up capital				
₱100 par value per share	490,000	₱49,000,000	225,000	₱22,500,000

The Company received ₱26,500,000 and ₱13,100,000 additional paid up capital from Thermax Engineering Singapore Pte. Ltd. during the years ended March 31, 2019 and 2018, respectively.

The Company has one (1) shareholder owning one hundred (100) or more shares.

12. Revenue

	2019	2018
Service income (Note 10)	**₱20,712,888**	₱323,643
Commission income	–	4,703,183
	₱20,712,888	₱5,026,826

13. Other Income

	2019	2018
Interest income (Note 4)	**₱1,878**	₱1,625
Unrealized gain on foreign exchange	**43**	–
Realized gain on foreign exchange	–	19,774
	₱1,921	₱21,399

14. Operating Expenses

	2019	2018
Payroll and other related expenses	**₱5,858,455**	₱6,061,397
Professional fees	**1,450,014**	3,726,090
Rent expense (Note 15)	**2,616,053**	2,369,576
Transportation and travel	**2,812,666**	1,847,719
Fringe benefit expense	**2,567,444**	1,813,183
Vehicle rental	**1,556,944**	1,580,538
Fringe benefit tax expense	**1,382,470**	877,188
Advertising expense	**545,170**	439,286
Taxes and licenses	**309,972**	28,115
Bad debts expense (Note 5)	**147,321**	–
Communication expense	**90,666**	94,672
Outside services	**86,579**	397,960
Printing and office supplies	**53,068**	82,880
Bank charges	**48,250**	52,387
Courier	**39,551**	974
Repairs and maintenance	**10,458**	–
Depreciation (Note 8)	**2,728**	–
Penalties and surcharges	–	91,019
Site expenses	–	–
Miscellaneous	**148,750**	453,751
	₱19,726,559	₱19,916,735

Miscellaneous expense includes input tax expense, medical expense, interest expense and others.

15. Lease Agreements

The Company entered in operating lease agreements as follows:

a. Lease of condominium located at 17F Classica Tower, 114 H.V. Dela Costa St., Salcedo Village, Makati City, Philippines for a period of one (1) year from July 15, 2017 to July 14, 2018 with a monthly rent of ₱73,651.49 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and six (6) months advance rent for the months of January 15 to July 14, 2019. Subsequently, the contract was renewed for one (1) year from July 15, 2018 to July 14, 2019. The security deposit was carried forward from the previous contract.

b. Lease of condominium located at Unit- 3403D 34th Floor Milano Residences Century City, Makati City, Philippines for a period of one (1) year from January 17, 2018 to January 17, 2019 with a monthly rent of ₱40,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and three (3) months advance rent for the months of January to March 2017. Subsequently, the contract was renewed for a period of (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₱42,400 exclusive of VAT. The security deposit was carried forward from the previous contract.

c. Lease of condominium located at Unit- 46U105C 46th Floor Milano Residences Century City, Makati City, Philippines for a period of one (1) year from January 29, 2017 to January 29, 2018 with a monthly rent of ₱40,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and three (3) months advance rent for the months of January to March 2017. Subsequently, the contract was renewed for a period of (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₱42,400 exclusive of VAT. The security deposit was carried forward from the previous contract.

d. Lease of condominium located at Unit 1102 Le Domaine Condominium, 104 Tordesillas, Makati City, Philippines for a period of one (1) year from September 15, 2018 to September 14, 2019 with a monthly rent of ₱68,142.21 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months and six (6) months advance rent for the months of September 15, 2018 to March 14, 2019.

e. 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, 2018 to February 28, 2019 with a monthly rent of ₱126,690 exclusive of VAT. Upon execution of contract, the lessee shall pay in two (2) months service retainer. Subsequently, the contract was renewed for a period of (1) year from March 1, 2019 to February 28, 2020 with a monthly rent of ₱138,730 exclusive of VAT. The security deposit was carried forward from the previous contract.

Rent expense amounted to ₱2,616,053 and ₱2,369,576 for the years ended March 31, 2019 and 2018, respectively.

The future minimum lease payments (excluding taxes, etc.) are as follows:

	2019	2018
Less than one year	**₱2,964,192**	₱2,579,973
Between 1 to 5 years	–	430,996
More than 5 years	–	–
	₱2,964,192	₱3,010,969

16. Income Taxes

The provision for (benefit from) income tax pertains to the deferred tax expense (benefit) from NOLCO during the taxable year.

The Company's deferred tax asset as of March 31, 2019 pertains to temporary differences arising from advances from customers and NOLCO amounting to ₱600,000. The Company did not recognize deferred tax asset as of March 31, 2018.

The carrying amount and composition of the Company's unrecognized net deferred tax asset as at March 31, 2019 and 2018 pertains to NOLCO amounting to ₱4,633,075 and ₱5,533,371, respectively. The Company will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carry forward benefits of unused NOLCO is available for offset against taxable income over a period of three years. Details of the Company's NOLCO are as follows:

Year Incurred	Beginning balance	Applied	Ending balance	Expiration
2017 – 2018	₱14,529,983	–	₱14,529,983	2021
2016 – 2017	3,914,588	(2,762,419)	1,152,169	2020
Total	₱18,444,571	(₱2,762,419)	₱15,682,152	

The reconciliation between the tax computed at statutory income tax rates to provision for income tax follows:

	2019	2018
Income (loss) at statutory income tax rate	**₱296,475**	₱(4,460,553)
Tax effects of:		
Nondeductible expenses	**4,398**	102,046
Interest income subjected to final tax	**(563)**	(488)
Movement in unrecognized deferred tax asset	**(900,310)**	4,358,995
Reversal of DTA on NOLCO	**–**	1,174,376
Provision for (benefit from) income tax	**₱(600,000)**	₱1,174,376

17. Supplementary Tax Information under Revenue Regulations No. 15-2010

The Bureau of Internal Revenue has issued Revenue Regulations (RR) No. 15-2010 which requires certain tax information to be disclosed in the notes to financial statements. The additional required disclosures as at and for the year ended March 31, 2019 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

Sales of services	₱20,712,888
Advances from customers	1,761,431
Less:	
Uncollected service income	(20,712,888)
Total VATable gross receipts	1,761,431
Multiply by: Tax rate	12%
Total output tax for the year	211,372
Current year's purchases	
Domestic purchases of goods other than capital goods	78,504
Domestic services	7,083,042
Total VATable purchases	7,161,546
Multiply by: Tax rate	12%
Total input for the year	859,385
Add: Previous year's excess input tax	641,903
Total allowable input tax	1,501,288
Output VAT declared for the year	211,372
Excess Input VAT	₱(1,289,916)

Landed cost, customs duties and tariffs

The Company has no transactions which are subject to the determination of actual landed cost as the basis of computation and payment of customs duties and tariffs.

Excise taxes

The Company has no transactions that are subject to excise tax.

Documentary stamp taxes

Documentary stamp tax of ₱274,735 was paid relating to issuance of shares of stocks and renewal of house lease contract entered for the Company's employees and ₱530 was accrued for the renewal of car lease contract

Other taxes, local and national

This account consists of taxes and licenses paid and accrued are as follows:

Documentary stamp tax	₱274,735
Business permit	32,305
Community tax certificate	2,432
Annual registration	500
	₱309,972

Withholding taxes

i. *Withholding tax on compensation*

Total withholding tax payable for the year	₱2,857,767
Less: Payments made from April 2018 to February 2019	(2,771,181)
Withholding tax still due and payable	₱86,586

ii. *Fringe benefits tax*

Total fringe benefit tax payable for the year	₱2,639,639
Less: Payments made from April 2018 to February 2019	(2,428,237)
Fringe benefit tax still due and payable	₱211,402

iii. *Expanded withholding tax*

Total withholding tax payable for the year	₱729,896
Less: Payments made from April 2018 to February 2019	710,113
Withholding tax still due and payable	₱19,783

iv. *Final withholding tax*

The Company has no transactions subject to final withholding tax.

v. *Creditable withholding tax*

Current year's creditable withholding tax	₱35,809
Creditable withholding tax applied for the year	–
Creditable withholding tax balance	₱35,809

Tax assessment

The Company has not received any tax assessments from the BIR.

Tax cases

The Company has no outstanding cases which are under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

THERMAX NIGERIA LIMITED

Directors

Mahesh Bukinkere
Shailesh Nadkarni

Independent Auditor

Pricewaterhouse Coopers
Chartered Accountants
Landmark Towers, Plot 5B Water Corporation Road
Victoria Island
Lagos

Corporate office

Plot 5B
Landmark Towers, Water Corporation Road
Victoria Island
Lagos
Nigeria

Company Secretary

Eko Nominees Limited
5B Water Corporation Road
Victoria Island
Lagos
Nigeria

Financial statements

For the year ended 31 March 2019

Report of the directors

The directors of Thermax Nigeria Limited ("the Company") submit their report on the affairs of the Company together with the audited financial statements which have been prepared in line with the International Financial Reporting Standards (IFRS) and the report of the auditors for the year ended 31 March 2019.

Incorporation and address
Thermax Nigeria Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private company and is domiciled in Nigeria. The address of its registered office is:

Plot 5B
Landmark Towers, Water Corporation Road
Victoria Island, Lagos, Nigeria

Principal activities
Thermax Nigeria Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation and maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems and power plants etc.

Results and dividends
The Company has not commenced operations as at the year ended 31 March 2019.

Directors
The directors who held office during the year and to the date of this report are set out on page 3.

Directors' shareholding
According to the register of members as at 31 March 2019, the following are the shareholders of Thermax Nigeria Limited.

Shareholding	Number of shares held at 31 March 2019			
	Shareholding (units)	Percentage	Shareholding (units)	Percentage
Thermax International Limited	49,999,800	99.9996%	49,999,800	99.9996%
Thermax Engineering Singapore PTE Limited	200	0.0004%	200	0.0004%
	50,000,000	100%	50,000,000	100%

Directors' interests in contracts
None of the directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Eko Nominees Limited
Company Secretary, Lagos, Nigeria

Statement of directors' responsibilities
The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibility include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mahesh Bukinkere
Director
15 May 2019

Shailesh Nadkarni
Director
15 May 2019

THERMAX NIGERIA LIMITED

Independent Auditor's Report

To the Members of
Thermax Nigeria Limited

Report on the audit of the financial statements

Our opinion
In our opinion, Thermax Nigeria Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited
Thermax Nigeria Limited's financial statements comprise:
- the statement of profit or loss and other comprehensive income for the year ended 31 March 2019;
- the statement of financial position as at 31 March 2019;
- 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, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information
The directors are responsible for the other information. The other information comprises the directors, professional advisers and registered office, Report of the Directors, Statement of Directors' Responsibilities and Statement of Value Added, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements
The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

For: **PricewaterhouseCoopers** 7 June 2019
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143

Financial Statements for the year ended 31 March 2019

Statement of Profit and Loss and Other Comprehensive Income

	Notes	**31 March 2019**		31 March 2018	
CONTINUING OPERATIONS		**NGN**	**Rs. Lacs**	NGN	Rs. Lacs
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Distribution and Selling Cost		-	-	-	-
Administrative expenses	4	**(4,050,626)**	**(9.16)**	(2,089,000)	(4.45)
Operating Loss		**(4,050,626)**	**(9.16)**	(2,089,000)	(4.45)
Finance income	6	**1,768**	**0.00**	-	-
Finance cost	5	**5,001**	**0.01**	-	-
		(3,233)	**(0.01)**	-	-
Loss Before Tax		**(4,053,859)**	**(9.16)**	(2,089,000)	(4.45)
Income Tax Expenses	7	-	-	-	-
Loss After Tax		**(4,053,859)**	**(9.16)**	(2,089,000)	(4.45)

The notes on pages 13 to 21 are an integral part of these financial statements

Exchange Rate : as at 31 March 19 is 1 INR = NGN 0.226

Exchange Rate : as at 31 March 18 is 1 INR = NGN 0.213

Statement of Financial Position

	Notes	**31 March 2019**		31 March 2018	
		NGN	**Rs. Lacs**	NGN	Rs. Lacs
Assets					
Non-Current Assets					
Deferred tax asset		-	-	-	-
Total non-current assets		-	-	-	-
Current assets					
Cash and cash equivalents	3	**10,549,987**	**23.85**	-	-
Total current assets		**10,549,987**	**23.85**	-	-
Total assets		**10,549,987**	**23.85**	-	-
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities		-	-	-	-
Total non-current liabilities		-	-	-	-
Current liabilities					
Current tax liabilities	7	-	-	-	-
Accruals	8	**3,068,646**	**6.94**	3,465,000	7.38
Total current liabilities		**3,068,646**	**6.94**	3,465,000	7.38
Total liabilities		**3,068,646**	**6.94**	3,465,000	7.38
EQUITY					
Share capital and share premium	2.7	**15,000,200**	**33.91**	-	-
Retained earnings		**(7,518,859)**	**(17.00)**	(3,465,000)	(7.38)
Total equity		**7,481,341**	**16.91**	(3,465,000)	(7.38)
Total equity and liabilities		**10,549,987**	**23.85**	-	-

The notes on pages 13 to 21 are an integral part of these financial statements

The financial statements on pages 9 to 22 were approved and authorized for issue by the board of directors on 15 May 2019

Mahesh Bukinkere
Director

Shailesh Nadkarni
Director

THERMAX NIGERIA LIMITED

Statement of Changes in Equity

		Attributable to equity holders of the Company					
		Share capital		Retained earnings		Total	
	Notes	NGN	Rs. Lacs	NGN	Rs. Lacs	NGN	Rs. Lacs
Balance at 1 April 2017		-	-	(1,376,000)	(3.11)	(1,376,000)	(3.11)
Loss for the period		-	-	(2,089,000)	(4.72)	(2,089,000)	(4.72)
Total comprehensive income for the		**-**	**-**	**(3,465,000)**	**(7.83)**	**(3,465,000)**	**(7.83)**
Transaction with owners:							
Dividends provided for or paid		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Balance as at 31 March 2018		**-**	**-**	**(3,465,000)**	**(7.83)**	**(3,465,000)**	**(7.83)**
At 1 April 2018				(3,465,000)	(7.83)	(3,465,000)	(7.83)
Loss for the period		-	-	(4,053,859)	(9.16)	(4,053,859)	(9.16)
Total comprehensive income for the		**-**	**-**	**(4,053,859)**	**(9.16)**	**(4,053,859)**	**(9.16)**
Transaction with owners:							
Issue of new shares	2.7	15,000,200	33.91				
Dividends provided for or paid		-	-	-	-	-	-
Total transactions with owners		**15,000,200**	**33.91**				
Balance at 31 March 2019		**15,000,200**	**33.91**	**(7,518,859)**	**(17.00)**	**7,481,341**	**16.91**

The notes on pages 13 to 21 are an integral part of these financial statements

Statement of Cash flows

	31 March 2019		31 March 2018	
	NGN	**Rs. Lacs**	NGN	Rs. Lacs
Cash flows from operating activities				
Loss on ordinary activities before taxation				
Tax paid	**(4,053,859)**	**(9.16)**	(2,089,000)	(4.45)
	(4,053,859)	**(9.16)**	(2,089,000)	(4.45)
Changes in working capital:				
Increase/decrease in accruals	**(396,354)**	**(0.90)**	2,089,000	4.45
Net cash outflow used in operating activities	**(4,450,213)**	**(10.06)**	-	-
Cash flows from investing activities				
Net cash flows from investing activities	-	-	-	-
Cash flows from financing activities				
Paid up share capital	**15,000,200**	**33.91**	-	-
Net cash inflow from financing activities	**15,000,200**	**33.91**	-	-
Net increase in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	**10,549,987**	**23.85**	-	-
Cash and cash equivalents at the end of the year	**10,549,987**	**23.85**	-	-

The notes on pages 13 to 21 are an integral part of these financial statements.

For the year ended 31 March 2019 Notes to the financial statements

1. General

Thermax Nigeria Limited was incorporated in Nigeria as a private limited liability Company in 2015. The Company is domiciled in Nigeria and the address of its registered office is:

Plot 5B
Landmark Towers, Water Corporation Road, Victoria Island Lagos, Nigeria

Thermax Nigeria Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation and maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems and power plants etc.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements of Thermax Nigeria Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 8.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis (see note 15). The directors are of the opinion that the Company will continue to be in operation in the nearest future. There is no intention on their part to liquidate the entity or to significantly curtail its activities.

2.2.2 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations adopted by the Company

There were no new standards adopted by the Company for the first time for the financial year beginning on or after 1 January 2019.

ii) New standards, amendments, interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 March 2018, and have not been applied in preparing these financial statements. Management is yet to assess the effect of the following standards on the financial statements of the Company.

IFRS 15 - 'Revenue from contracts with customers', issued in May 2014 (Effective 1 January 2018) . This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company has not commenced operations, hence the standard is not expected to have an impact.

IFRS 9, 'Financial instruments' (effective 1 January 2018). This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Company had no financial instrument during the year, hence the standard is not expected to have an impact.

IFRS 16 - 'Leases', issued in January 2016 (Effective 1 January 2019). This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17. The Company has not commenced business, hence the standard is not expected to have an impact.

Other amendments and standards are not deemed to relate to the transactions of the Company.

2.3 Revenue recognition

IFRS 15 - 'Revenue from contracts with customers' (Effective 1 January 2018).

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

The Company has not commenced operations, hence the standard is not expected to have an impact.

2.4 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

2.5 Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful life
Land improvements, buildings	28
Office equipment	15
Furniture and fitting	15
Motor vehicles	7 to 10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposal of property, plant and equipment are included in 'administrative expenses'.

Capital work in progress (CWIP) is capitalised from the date the asset is put to use. During the period, the Company did not incur any investment in fixed assets.

2.6 Current and deferred taxation

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.7 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	31 March 2019	31 March 2018
	N'000	N'000
Authorised and issued		
50,000,000 ordinary shares of N1 each	**50,000**	50,000
Paid-up Capital:		
15,000,200 ordinary shares of N1 each	**15,000**	-

Details for the Company's shares is as follows:

The Company has allotted shares of 50,000,000 at N1 each of which N49,999,800 are currently allotted to Thermax International Limited out of which N15,000,000 has been paid. N200 worth of shares are held and have been fully paid for by Thermax Engineering Singapore PTE Limited.

2.8 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.9 Foreign currency translation

Functional and presentation currency

In preparing the financial statements of each individual company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Cash and cash equivalents

	31 March 2019	31 March 2018
	N'000	N'000
Cash and cash equivalents	**10,550**	-
	10,550	-

4. Administrative expenses

	31 March 2019	31 March 2018
	N'000	N'000
Audit fee	**1,136**	1,081
Professional fees	**909**	720
Secretarial fees	**1,469**	43
Net realised exchange loss	**124**	245
VAT penalty	**390**	-
WHT penalty and interest	**22**	-
	4,050	2,089

5. Finance cost

	31 March 2019	31 March 2018
	N'000	N'000
Finance cost	**5**	-
	5	-

6. Finance income

	31 March 2019	31 March 2018
	N'000	N'000
Finance income	**2**	-
	2	-

7. Company income and deferred tax

A. The Company has no current income tax liability as no taxable profit was generated during the year ended 31 March 2019.

B. Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31 March 2019	31 March 2018
	N'000	N'000
Loss before tax	**(4,054)**	(2,089)
Tax calculated at statutory rate @ 30%	**(1,216)**	(627)
Tax effects of:	**-**	
Education tax	**-**	-
Expenses not deductible for tax purposes	**(927)**	-
Prior year adjustment to deferred tax passed in P&L	**-**	-
Tertiary education tax	**-**	-
Adjustment for deferred education tax	**4**	627
Income tax expense	**(2,139)**	-

C. Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of N2,139,107 for the Company have not been recognised as at 31 March 2019 becaus is not probable that future taxable profits will be available against which they can be utilised.

8. Accruals, provisions and other liabilities

This represents accruals for professional services, audit fees and secretarial fees incurred during the year.

	31 March 2019	31 March 2018
	N'000	N'000
Audit fee payable	**1,027**	2,161
Tax fee payable	**909**	1,261
Secretarial fee payable	**526**	43
Provision for VAT penalty	**390**	-
WHT liabilities	**217**	-
Closing balance	**3,069**	3,465

9. Related parties

Thermax Nigeria Limited is owned by both Thermax International Limited (99.9996%) and Thermax Engineering Singapore PTE Limited (0.0004%).

There were no transactions between Thermax Nigeria Limited and any of its related parties during the year.

a) Administration and finance cost

There was no administrative and finance intercompany transaction during the year.

b) Sales to related parties

There were no sales to related parties in year (2018: Nil).

c) Purchases from related parties

There were no purchases from related parties during the year (2018: Nil).

d) Receivables from related parties

There were no receivables from related parties during the year (2018: Nil).

e) Payable to related parties

There were no payables to related parties during the year (2018: Nil).

f) Key management compensation

Key management personnel of the Company includes the directors. No compensation was paid or is payable to key management for employee services.

10. Directors and employees

The Company did not have any employee during the year.

11. Contingent liabilities

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Company had no contingent liability as at the time of this report.

12. Commitments

The Company had no capital commitments as at 31 March 2019 (2018: Nil).

13. Events after reporting period

There were no material events after the reporting period.

14. Compliance with regulatory bodies

There was no record of non-compliance during the year.

15. Going concern

The Company is yet to commence business. However, the directors have affirmed that the Company remains a going concern.

Statement of value added

	31 March 2019		31 March 2018	
	N'000	**%**	N'000	%
Revenue	**-**	**-**	-	-
Bought in materials and services				
All	**(4,050)**	**100**	(2,089)	100
Other Income	**-**	**-**	-	-
Value added	**(4,050)**	**100**	(2,089)	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	**-**	**-**	-	-
To pay providers of capital:				
Finance cost	**-**	**-**	-	-
To pay government:				
Tax expense	**-**	**-**	-	-
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	**-**	**-**	-	-
Retained loss for the year	**(4,054)**	**100**	(2,089)	100
Value added	**(4,054)**	**100**	(2,089)	100

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Board of Directors	*Registered Office*	*Auditors*
Amitabha Mukhopadhyay Hemant Mohgaonkar	Level 3, No.11, Castle Lane Colombo - 4	Emst & Young Chartered Accountants 201 De Saram Place P.O.Box 101 Colombo 107 Sri Lanka

Independent Auditor's Report

TO THE SHAREHOLDERS OF
THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Report on the audit of the Financial Statements Opinion

Opinion

We have audited the financial statements of Thermax Energy & Environment Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs).

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

17 May 2019

Colombo

Statement of Financial Position

As at 31 March 2019

ASSETS	Note No	31 March 2019		31 March 2018	
		LKR	Rs Lacs	LKR	Rs Lacs
Non-Current Assets					
Property, Plant and Equipment	4	**81,676**	**0.32**	109,463	0.46
		81,676	**0.32**	109,463	0.46
Current Assets					
Trade and other Receivables	5	**22,610,632**	**89.17**	213,750	0.90
Pre payment and advances			–	1,282,500	5.37
Cash and Cash Equivalents	6	**134,533,126**	**530.54**	145,738,753	610.40
		157,143,758	**619.70**	147,235,003	616.66
Total Assets		**157,225,434**	**620.03**	147,344,466	617.12
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	7	**153,300,000**	**604.54**	153,300,000	642.07
Retained Earnings		**1,752,127**	**6.91**	(6,405,280)	(26.83)
Total Equity		**155,052,127**	**611.45**	146,894,720	615.24
Current Liabilities					
Trade and other payables	8	**943,287**	**3.72**	449,746	1.88
Income Tax Payable	11	**1,230,020**	**4.85**	–	–
		2,173,307	**8.57**	449,746	1.88
Total Liabilities		**2,173,307**	**8.57**	449,746	1.88
Total Equity and Liabilities		**157,225,434**	**620.03**	147,344,466	617.12

I certify that these Financial Statements comply with the requirements of the companies Act No.7 of 2007

Country Manager
Arunprakash B

The Board of Directors is responsible for the preparation and presentation of these Financial statement. Singed for and on behalf of the Board by:

Director
Amitabha Mukhopadhyay

Director
Hemant Prabhakar Mohgaonkar

The Notes to the Financial Statements from pages 07 to 12 form an integral part of these Financial Statements.

Statement of Profit/Loss and other Comprehensive Income

Year ended 31 March 2019

	Note No	31 March 2019		31 March 2018	
		LKR	Rs Lacs	LKR	Rs Lacs
Revenue	9	**21,868,607**	**86.24**	–	–
Cost of Sales		**(7,308,104)**	**(28.82)**	–	–
Gross Profit		**14,560,503**	**57.42**	–	–
Administrative Expenses	10	**(13,146,008)**	**(51.84)**	(8,455,450)	(35.41)
Finance Income		**8,346,064**	**32.91**	2,050,170	8.59
Profit/(loss) before tax		**9,760,559**	**(18.93)**	**(6,405,280)**	**(26.83)**
Income Tax Expenses	11	**(1,603,151)**	**(6.32)**	–	–
Profit/(loss) for the year		**8,157,408**	**(25.25)**	**(6,405,280)**	**(26.83)**

The Notes to the Financial Statements from pages 07 to 12 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2019

	Stated Capital		Revaluation Reserve		Other Capital Reserve		Retained Earnings		Total	
	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs
Balance as at 01 April 2018	153,300,000	642.07	–	–	–	–	(6,405,280)	(26.83)	146,894,720	615.24
Issue of Shares	–	–	–	–	–	–	–	–	–	–
Profit / (Loss) for the year	–	–	–	–	–	–	8,157,408	32.17	8,157,408	32.17
Balance at 31st March 2019	**153,300,000**	**642.07**	**–**	**–**	**–**	**–**	**1,752,128**	**5.34**	**155,052,128**	**647.41**
Balance as at 01 April 2017	–	–	–	–	–	–	–	–	–	–
Issue of Shares	153,300,000	642.07	–	–	–	–	–	–	153,300,000	642.07
Profit / (Loss) for the year	–	–	–	–	–	–	(6,405,280)	(26.83)	(6,405,280)	(26.83)
Balance at 31st March 2018	**153,300,000**	**642.07**	**–**	**–**	**–**	**–**	**(6,405,280)**	**(26.83)**	**146,894,720**	**615.24**

The accounting policies and notes on pages 07 through 12 form an integral part of these Financial Statements.

Exchange Rate as at 31 March 2019 is 1 LKR = Rs. 0.394

Exchange Rate as at 31 March 2018 is 1 LKR = Rs. 0.419

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Cash Flow Statement

Year ended 31 March 2019

	Note No	31 March 2019		31 March 2018	
		LKR	**Rs Lacs**	**LKR**	**Rs Lacs**
Cash flows from/(used in) Operating Activities					
Profit/(Loss) before Tax		**9,760,559**	**38.49**	(6,405,280)	(26.83)
Adjustments for					
Depreciation and Amortisation	4.2	**27,788**	**0.11**	7,537	0.03
Operating Profit/(Loss) before working Capital Changes		**9,788,347**	**38.60**	(6,397,743)	(26.80)
(Increase) / Decrease in Trade and other Receivables	5	**(21,114,382)**	**(83.27)**	(213,750)	(0.90)
(Increase) / Decrease in Pre payment and Advances				(1,282,500)	(5.37)
Increase / (Decrease) in Trade and other Payables	8	**493,541**	**1.95**	449,746	1.88
Cash from/(used in) Operating Activities		**(10,832,494)**	**(42.72)**	(7,444,247)	(31.18)
Income Tax paid		**(373,131)**	**(1.47)**		
Net Cash from/(used in) Operating Activities		**(11,205,625)**	**(44.19)**	(7,444,247)	(31.18)
Cash Flows from/(used in) Investing Activities					
Acquisition of property, Plant and Equipment	4.1	–	–	(117,000)	(0.49)
Net Cash from/(used in) Investing Activities		–	–	(117,000)	(0.49)
Cash Flows from/(used in) Financial Activities					
Proceeds from Share Issue	5	–	–	153,300,000	642.07
Net Cash Flows from/(used in) Financial Activities		–	–	153,300,000	642.07
Net Increase/(Decrease) in Cash and Cash Equivalents		**(11,205,625)**	**(44.19)**	145,738,753	610.40
Cash and Cash Equivalents at the beginning of the year		**145,738,753**	**574.73**	–	–
Cash and Cash Equivalents at the end of the year		**134,533,128**	**530.54**	145,738,753	610.40

The accounting policies and notes on pages 07 through 12 from an integral part of these Financial Statements.

Exchange Rate as at 31 March 2019 is 1 LKR = Rs. 0.394
Exchange Rate as at 31 March 2018 is 1 LKR = Rs. 0.419

Notes to the Financial Statements

Year ended 31 March 2019

1. CORPORATE INFORMATION

1.1 General

Thermax Energy & Environment Lanka (Pvt) Ltd ("Company") is a limited liability Company incorporated on 08 August 2017 in accordance with Companies Act No 7 of 2007 and domiciled in Sri Lanka. The registered office of the Company is located at Level 3, No 11, Castel Lane, Colombo 4.

1.2 Principal Activities and Nature of Operations

The Company is primarily involved into marketing & sales support services to Thermax Ltd. and finalize order terms with customers and sell its products/ industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, chemicals, absorption chillers, geothermal plants, solar based systems & power plants etc., support customers in installation, commissioning of equipment, sell spare parts and provide after-sales & related services to third-party customers in Sri Lanka.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Thermax Engineering Singapore PTE Ltd which is incorporated in Singapore. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is RDA Holdings Pvt Ltd which is incorporated in India.

1.4 Date of Authorization for Issue

The Financial Statements of Thermax Energy & Environment Lanka (Pvt) Ltd for the period ended 31 March 2019 were authorised for issue in accordance with the resolution of the Board of Directors on 17 May 2019.

2. GENERAL POLICIES

2.1 Statement of Compliance

The financial statements which comprises of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow together with accounting policies and notes have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Preparation

These financial statements have been prepared in accordance with the Sri Lankan Financial Reporting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka.

The functional currency of the company is Sri Lankan Rupees. The financial statements of the company are presented in Sri Lankan Rupees. The financial statements have been prepared on a historical cost basis otherwise indicate.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparations of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Foreign Currency Translations

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.2 Taxation

a) Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

b) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

c) Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The deferred tax asset has not been recognized since there is no reasonable evidence that the temporary difference relating to accumulated tax losses carried forward will reverse for some considerable period ahead.

3.3 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.4 Property, Plant and Equipment

3.4.1 Recognition and measurement

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

3.4.2 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

3.4.3 Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current periods are as follows:

Computer & Software	04 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

3.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.6 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.7 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured.

The following specific criteria are used for the purpose of recognition of revenue;

a) Revenue earned through marketing and sales support services

Revenue is recognised in the accounting period in which the marketing and sales support services are provided.

b) Others

Other income is recognized on an accrual basis.

3.8 Expenses

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income statement.

For the purpose of presentation of the Income Statement the directors are of the opinion that "function of expenses" method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

4. PROPERTY, PLANT AND EQUIPMENT

	Balance As at 01.04.2018	Additions/ Revaluation	Disposal	Balance As at 31.03.2019
	Rs.	Rs.	Rs.	Rs.
4.1 Gross Carrying Amounts				
At Cost				
Computers & Software	117,000	–	–	**117,000**
Total Gross Carrying Amount	117,000	–	–	**117,000**

4.2 Depreciation	Balance As at 01.04.2018	Charge for the year	Disposals/ Transfers	Balance As at 31.03.2019
	Rs.	Rs.	Rs.	Rs.
At Cost				
Computers & Software	7,537	27,788	–	**35,324**
Total Depreciation	7,537	27,788	–	**35,324**

4.3 Net Book Value of Assets	2019	2018
	Rs.	Rs.
Computers & Software	**81,676**	109,463
Total Carrying Amount of Property, Plant and Equipment	**81,676**	109,463

4.4 During the last financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 117,000 /- Cash payments amounting to Rs. 117,000/- were made during the year for purchase of Property, Plant and Equipment.

	2019	2018
	Rs.	Rs.
5. TRADE AND OTHER RECEIVABLES		
Trade Receivables	**22,396,882**	–
Other Receivables		
Refundable Deposit	**213,750**	213,750
Prepayments	**1,493,600**	1,282,500
WHT Receivable	**369,508**	–
	22,610,632	1,496,250
Grand Total	**45,007,514**	1,496,250

	2019	2018
	Rs.	Rs.
6. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of Cash and Cash Equivalents		
Favorable Cash and Cash Equivalent Balances		
Cash and Bank Balances	**9,663,947**	3,688,583
Short Term Deposits (Note 6.1)	**124,869,179**	142,050,170
	134,533,126	145,738,753
Unfavorable Cash and Cash Equivalent Balances		
Bank Overdrafts	–	–
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**134,533,126**	145,738,753

		2019	2018
		Rs.	**Rs.**
6.1	**Short Term Investments**		
	Call Deposits	**20,000,000**	–
	Investments in Fixed Deposit	**100,000,000**	140,000,000
	Interest Receivable on Fixed Deposits	**4,869,179**	2,050,170
		124,869,179	142,050,170

7.	**STATED CAPITAL**	**2019**	**2018**
		Number	Rs.
	Fully Paid Ordinary Shares	**15,330,000**	153,300,000
		15,330,000	153,300,000

8.	**TRADE AND OTHER PAYABLES**	**2019**	**2018**
		Rs.	**Rs.**
	Accrued Expenses		
	Accounting Charges Payable	**51,612**	119,646
	Other Payable	**–**	100
	Vehicle Rent Payable	**120,000**	120,000
	Visa Expenses Payable	**–**	60,000
	Audit fee payable	**226,699**	150,000
	EPF and ETF Payable	**140,957**	–
	BOI Fee Payable	**82,800**	–
	Payee Payable	**129,419**	–
	Other	**191,800**	–
		943,287	449,746

9.	**REVENUE**	**2019**	**2018**
		Rs.	**Rs.**
	Sales	**21,868,607**	–
		21,868,607	–

10.	**TAXATION**	**2019**	**2018**
		Rs.	**Rs.**
	Tax expense for the year	**1,230,020**	–
	Under-provision from prior year	**373,131**	–
	Income tax expense reported in the Income Statement	**1,603,151**	–

10.1	**A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows**	**2019**	**2018**
		Rs.	**Rs.**
	Accounting (Loss)/Profit before tax	**9,760,559**	(6,405,280)
	Aggregate of Disallowed items	**1,882,644**	389,316
	Aggregate of Allowed items	**(29,250)**	(1,205,062)
	Income from other sources	**(8,346,064)**	–
	Taxable Income from Trade and Business	**3,267,889**	–
	Tax losses Utilized	**(3,267,889)**	–
	Taxable Income/(loss) from Trade and Business	**3,267,889**	(7,221,025)
	Other Sources of Income		
	Interest Income	**8,346,064**	–
	Tax losses utilized	**(3,953,137)**	–
	Taxable Income from other sources	**4,392,928**	–
	Income tax @ 28%	**1,230,020**	–
	Accumulated Tax losses		
	Tax Loss brought forward	**7,221,025**	–
	Tax Losses incurred during the year	**–**	7,221,025
	Tax Loss utilised during the year	**(7,221,025)**	–
	Tax loss carried forward	–	7,221,025

11.	**INCOME TAX PAYABLE**	**2019**	**2018**
		Rs.	**Rs.**
	Income tax payable		
	At the beginning of the year	**–**	–
	Provision made during the year	**1,230,020**	–
	Under Provision in respect of previous year	**373,131**	–
	Payments made during the year	**(373,131)**	–
		1,230,020	–

DANSTOKER POLAND SP. ZO.O.

Management Board Member	***Registered Office***	***Auditors***
Jan Enemark (Chairman of the Board) ***Hemant Prabhakar Mohgaonkar (Board Member)***	***Ostrowiec Św. ul. Kolejowa 20***	***BDO Sp. z.o.o.*** ***ul. Postepu 12,*** ***02-676 Warszawa*** ***Polska***
Chief Operating Officer	***In charge of the books of account***	***Bankers***
Grzegorz Borkowski	***Piotr Cynkier***	***mBank***

I. DIRECTORS' REPORT ON THE COMPANY'S ACTIVITIES

I. Relevant events occurring during financial period and afterwards with effect on operations of the company and its organizational matters

Danstoker, Limited Liability Company, pursuant to the resolution, made the decision about financial year change so in consequence from year 2019, financial year begins on April 1st and ends the following year on March 31st. In 2019 financial year that started, on January 1st 2018 and ended on March 31st the Board did not change. In accordance with excerpt from KRS – National Register of Business Entities, persons allowed to represent the Company as of the last day of financial year are Jan Enemark – Chairman of The Board, Hemant Prabhakar Mohgaonkar – The Boar Member. Each of the Board Member is allowed to represent the Company independently.

Share Capital of the Company equals to 5.000,00 PLN (five thousands Polish Zloty) and is divided into equal and undividable shares. This amount is presented in KRS. 100% of the shares belong to Danstoker A/S which headquartes are at Industrivej Nord 13, 7400 Herning. It is planned to converse the loan from the shareholder of 34.200.000 Danish Krone into equity.

II. FORESEEN COMPANY DEVELOPMENT

From Danstoker Group strategic point of view, Danstoker Poland Company is consistently attaining set two years ago goal of presence and development of production entity, situated in Central Eastern Europe. Main assumption of this plan is development of business in the East. Such market expansion was made possible due to strong Sales Team development which reaches new customers, thus building sales and production potential of the Company. Operationally there are acitvitis aiming at achievement of consistent quality and effectiveness of production processes. Up to the commencement of next financial year, i.e. March 2020, it is planned to double production level from last year. This requires development of the workforce, including expansion of ingenieur team, welders, fitters and assemblers.

In April 2019 new production line of the heat exchangers was launched for the purpose of sales curve smoothing. The equipment was purchased from Boilerworks A/S.

Thank to focused activities of the sales team and Service Department Polish market sales grows. At the same time Scandinavian market is being sources as 60% of production is being sent there.

The Strategy assumes full independence from the Group. The priority of the Company is to make use of its full capacity. Key point will be constant cost control and its reduction, while maintaining the quality of offered products and services. The company plans to develop its market status on national market and make use of marketability of Danstoker brand within Polish market, actively participating in industry trade fairs in Central Europe and will maintain and strengthen its reputation through planned marketing camapaigns (trade press, Internet and social media).

III. ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT

The company does not carry out research and development.

IV. CURRENT AND FORECASTED FINANCIAL SITUATION

During second financial year the Company recorded operating loss of 3.768k PLN. Sales revenue was 18.386K PLN, including intercompany revenue of 10.746k PLN. Turnover plan assumes substantial sales increase and profit achievement.

Current financial situation (data in thousands of Polish zloty)

1. Balance = 30.375
2. Net Loss = 3.768
3. Achieved revenues: 19.050 comprises of:
   a) Sales revenue 18.207
   b) Other operating revenue: 843
   c) Financial revenues: 0
4. Operating cost: 23.707 comprises of:
   a) Costs by type: 22.865
   b) Other operating cost: 303
   c) Financial cost: 539

V. PURCHASE OF OWN CONTRIBUTION

The company has not purchased own share during financial year.

VI. INFORMATION ON CURRENT SUBSIDIARIES

The company does not own any subsidiaries.

VII. INFORMATION ON FINANCIAL INSTRUMENTS

Currency risk. The company does not provision agains currency risk and fluctuations. The company settles accounts with Group companies in Polish currency. Foreign currency transactions will be secured with forward transactions.

Material purchase price risk. The company is subject to negative material price changes. The company reserves prices on various materials and produces on materials provided by customers.

Interest rate risk. The company does not finance its operations with outside lenders thus is not subject to interest rate risk.

Risk of financial liquidity loss. The company is subject to loss of liquidity risk. The company is planning to use bank guarantees and uses prepayments from customers to avoid insolvency of the Buyer.

VIII. KEY FINANCIAL RATIOS

The company decided not to present key finance ratios due to incomparable finance periods.

IX. KEY NON-FINANCIAL RATIOS

Employee turnover = 15%

Number of accidents at work = 1

Number of accident-related sick leave = 10 days

Ratio of inconsistency of production orders = 5%

Ratio of negative environment influence, including groundwater and nearby river = 16%

June 30th 2019

…………………………………………………

Jan Enemark
Chairman of The Board

………………………………………………..

Hemant Prabhakar Mohgaonkar
Member of the Board

II. ADDITIONAL INFORMATION

II A. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. General information

The financial statements of Danstoker Poland Limited Liability Company, with its registered office in Ostrowiec Świętokrzyski ul. Kolejowa 20, have been prepared in accordance with the Accounting Act of 29 September 1994 and the Code of Commercial Partnerships and Companies of 15 September 2000.

The Company's activities consist of:

Designing and production of boilers, high pressure tanks, heat exchangers and steel constructions.

Classification of the Company's activities in accordance with PKD [Polish Classification of Activities] 2007:

Core activity:

- Production of heaters and central heating boilers.

Secondary activities:

- Production of steel structures and their parts
- Production of other tanks, cisterns, and metal containers
- Metal forging and surfacing metals with various coatings
- Mechanical machining of metal elements
- Production of other metal finished goods not classified elsewhere
- Operations in the scope of professional design
- Operations in the scope of engineering and related technical advisory
- Construction of water and waste water, heating, gas and cooling systems.

On 14th of December 2016 the company entered in the Business Register of the National Court Register (Krajowy Rejestr Sądowy KRS) in number KRS 0000652298.

In accordance with its statute/articles of association, the Company has been formed for an unspecified time. The duration of the company is unlimited.

The Company's Management Board comprises:

Jan Enemark

Hemant Prabhakar Mohgaonkar

2. Presentation of financial statements

The Company is presenting its financial statements for the financial year from January 1st 2018 to March 31st 2019.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future of no less than a year of the balance sheet date with no reduction of scope. There are no known threats to the Company's going concern. The company discloses negative equity, which will be changed via loan conversion from main shareholder Danstoker A/S. The company has been assured by its owner on further supporting the business. With that there are no othe threats to pursue the operations.

The Company is presenting additional information to the balance sheet in accordance with Appendix No. 1 to the Accounting Act.

3. Comparability of data

The present financial statements contain financial data for the financial year commencing on march 31st 2019 as well as comparative financial data for the financial year ended on December 31st 2017.

4. Accounting methods

The financial statements have been prepared in accordance with the requirements of the Accounting Act of 29 September 1994 applicable to going concerns.

The accounting methods adopted by the Company are applied continuously and are consistent with the accounting methods applied in the previous financial year.

The Company prepares its profit and loss account by nature.

In its financial statements the Company discloses economic events in accordance with their economic substance.

The Company's financial result for the financial year includes all revenue earned by and due to the Company, as well as all the costs associated with such revenue in accordance with the accrual method, the matching concept and the prudence principle.

4.1. Profit and loss account

4.1.1. Revenue

Sales revenue includes net amounts undoubtedly due or received as a result of sales, i.e. amounts reduced by applicable output value added tax (VAT), recorded in the periods to which they pertain. Revenue from the sale of finished products, goods for resale and raw materials is recognized in the profit and loss account when the significant risks and benefits of their ownership are transferred onto the buyer.

4.1.2. Costs

The Company records its costs by nature. The costs of finished products, goods for resale and raw materials sold include costs directly associated with them, as well as a justified portion of indirect costs.

The portion of indirect production costs that does not correspond to the level of such costs when normal production capacity is utilized constitutes a cost of the period in which it was incurred.

In addition, the Company's financial result is affected by:

- Other operating revenue and costs indirectly related to the Company's operations, such as, among others, profits and losses from the sale of non-financial fixed assets, revaluation of non-financial assets, formation and release of provisions for future risks, penalties, fines and damage compensation, the receipt or presentation of donations.
- Financial revenue from dividends (shares in profits), interest, profits from the sale of investments, revaluation of investments, foreign exchange gains.
- Financial costs of interest, losses on the sale of investments, revaluation of investments, foreign exchange losses.

4.1.3. Taxation

The Company's gross financial result is adjusted by:

- its current corporate income tax liabilities,
- changes in deferred income tax assets and provisions for deferred income tax

Deferred tax – the Company does not apply the simplifications arising out of Article 37 par. 10 of the Accounting Act, which make it possible to omit the calculation of deferred income tax assets and provisions for deferred income tax.

4.1.4. Current income tax

Current income tax – the Company

- is subject to the provisions of the Corporate Income Tax Act,
- is not exempt from corporate income tax based on Article 17 of the Corporate Income Tax Act.

The Company's current corporate income tax liabilities are calculated in accordance with binding tax regulations.

4.1.5. Deferred income tax (dotyczy jednostek tworzących)

Due to temporary differences in the value of the assets and liabilities shown in the books of account and their tax value, as well as the tax losses that may be deducted in the future, the Company creates a provision for deferred income tax and determines the value of deferred tax assets relating to the income tax of which it is a payer.

Deferred income tax assets are set at an amount expected to be deducted from income tax due to negative temporary differences, which will reduce the future tax base, as well as any deductible tax loss determined in accordance with the prudence principle.

Provisions for deferred income tax are created at the amount of income tax that will be payable in the future due to the existence of positive temporary differences, i.e. differences that will increase the tax base in the future.

The deferred portion disclosed in the profit and loss account constitutes the difference between the balance of provisions for deferred income tax and deferred income tax assets as at the end and beginning of the reporting period.

Provisions for deferred income tax and deferred income tax assets relating to transactions settled against equity are charged to equity.

The Company has adopted a method of not offsetting deferred income tax assets and provisions for deferred income tax.

The Company has adopted the following method for the reversal of temporary differences:

- if corporate income tax rates are different in the different financial years, the Company adopted the FIFO method in the reversal of temporary differences.

The amount of provisions for deferred income tax and deferred income tax assets is determined by taking into account the income tax rates applicable in the year in which the tax liability arose.

4.2. Balance sheet

4.2.1. Intangible fixed assets are property rights that may be used economically, with an expected economic useful life of more than a year, held for use for the Company's needs. They are stated at acquisition cost or cost of production for development work, less accumulated amortization and permanent impairment losses.

Intangible fixed assets include in particular

- costs of research and development completed with a positive outcome that will be used in production,
- acquired goodwill,
- copyrights, neighboring rights, licenses, concessions,
- rights to inventions, patents, trademarks, utility models,
- know-how

Intangible fixed assets are amortized using the straight-line method in the period of their expected economic usefulness, using the following rates:

- costs of completed research and development	20%,
- acquired goodwill	20%,
- copyrights, licenses, concessions, trade marks	50%,
- computer software	50%,
- other intangible fixed assets	20%,

- intangible fixed assets with an initial per-item value of no more than 10 thousand zł – amortized on a one-off basis.

If the economic useful life of the results of research and development work cannot be estimated reliably, the amortization period does not exceed 5 years.

4.2.2. Fixed assets are tangible fixed assets and their equivalents with expected economic useful lives of more than one year, which are complete and may be used for the Company's purposes. They are stated at acquisition cost, cost of production or revalued amount (after revaluation of assets), less accumulated depreciation and permanent impairment losses.

The acquisition cost and cost of production of fixed assets includes all the costs incurred by the Company for the period of their construction, assembly, adaptation and improvement up to the date on which they are taken over for use.

The acquisition cost or the cost of production of fixed assets includes the costs of the liabilities taken out in order to finance them and the related foreign exchange differences. The costs of the liabilities are decreased by the related revenue.

In accordance with the Accounting Act, the opening value and accumulated depreciation of fixed assets may, based on separate regulations, be subject to revaluation. The net book value of a fixed asset determined as a result of its revaluation should be no higher than its actual value, the writing down of which in the expected period of its further use is economically justified. The most recent revaluation of fixed assets was conducted using the rates announced by the Main Statistical Office (GUS) as at 1 January 1995.

The initial value of a fixed asset, constituting its acquisition cost or cost of production, is increased by the costs of improvements made to the asset, consisting of its reconstruction, expansion or modernization, resulting in its value in use after the improvements being higher than its initial value in use.

Used by the Company for tax purposes are the depreciation rates set forth in the Corporate Income Tax Act dated 15 February 1992, defining the value of tax-deductible depreciation.

Assets with expected useful lives of no more than one year or initial values of no more than 10,0 thousand zł are written off at the moment at which they are given over for use.

Fixed assets are depreciated using the straight-line starting from the month following the month in which they were taken over for use, in the period corresponding to the estimated period of their economic usefulness.

The following depreciation rates are used:

- land in perpetual usufruct,	5%,
- buildings and constructions	2,5%/10%,
- plant and equipment, (excluding computer hardware),	10%/14%/18%,
- computer hardware,	30%,
- vehicles,	14%/20%,
- other fixed assets.	20%.

The Company does not have fixed assets used on the basis of finance leases.

4.2.3. Fixed assets under construction are stated at the total costs directly associated with their acquisition or production, less permanent impairment. Included in the acquisition cost or cost of production of fixed assets under construction are the costs of liabilities taken out to finance them along with the related foreign exchange differences, less the resulting revenue.

4.2.4. Tangible components of current assets **are stated at acquisition cost or cost of production no higher than their net realizable price as at the balance sheet date.**

Individual groups of inventory are valued as follows:

Raw materials	purchase price
Semi-finished products and work in progress	cost of production
Finished products	cost of production
Goods for resale	purchase price

Costs of production do not include the following costs:

- arising out of unused production capacity and production losses,
- general administrative costs not associated with bringing the product to the form and place in which it occurs on the valuation date,
- costs of storing finished products and semi-finished products, unless such costs are a part of the production process,
- costs of sales.

In situations justified by the necessity to prepare goods for resale or products for sale, or by a long production process, the acquisition price or production cost is increased by the costs of the liabilities taken out in order to finance the inventory of goods for resale or finished products in the period in which they were being prepared for sale or manufactured, and the related foreign exchange differences, less the related revenue.

Revaluation write-downs of tangible components of current assets made due to their impairment or resulting from their valuation to net realizable prices reduce the value of the items in the balance sheet and are recorded under other operating costs.

Inventory outflow valuation methods:

- assuming that the outflow of asset components is stated consecutively at the prices (costs) of the asset components acquired (produced) first (FIFO),

4.2.5. **Receivables** are stated at amounts due, in accordance with the prudence principle (less revaluation write-downs).

Receivables expressed in foreign currencies are stated as at the balance sheet at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences on receivables expressed in foreign currencies arising on the valuation and payment date are included in, respectively: foreign exchange losses in financial costs, foreign exchange gains in financial revenue. In justified cases they are included in the costs of finished products, services and goods for resale, as well as in the costs of tangible or intangible fixed assets (as an increase or a reduction of such costs, respectively).

4.2.6. **Cash and cash equivalents** are stated at nominal value.

Cash and cash equivalents expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

4.2.7. **Prepaid expenses** are recognized when the costs incurred relate to future reporting periods.

This item includes the surplus of the costs that have been recorded over the costs that have been invoiced in connection with the realization of long-term contracts. This item is used for paid insurance policies, subscriptions and inerim computer program licences.

4.2.8. **Unpaid share capital** consists of capital contributions that have been declared but not yet made. They are recognized at the value specified in the Company's articles of association/statute.

4.2.9. **Treasury (own) shares are assets acquired from the shareholders for the purpose of redemption or sale.** They are recognized at acquisition cost.

4.2.10. **Equity** is recognized in the books of account at nominal value by type and in accordance with the provisions of the law and the Company's articles of association/statute.

The Company's **share capital** is listed at the amount specified in the articles of association or statute and entered in the court register.

Reserve capital is formed from the distribution of profits, transfers from the revaluation reserve and share premium reduced by the costs of share issues. The remaining costs of share issues are recorded as financial costs.

Revaluation reserve is a fund created as a result of fixed asset revaluations; the most recent revaluation was conducted as at 1 January 1995. When assets are sold or liquidated, a corresponding part of the revaluation reserve is transferred to the reserve capital. A write- down relating to permanent impairment in the value of assets, which was previously subject to revaluation, reduces the revaluation reserve to the extent to which it corresponds to that fixed asset.

The revaluation reserve is also increased by the effects of revaluating investments included in fixed assets, whereby the value of the investments is increased to their market value. Any decreases in the value of the investments previously revalued to the amount by which the revaluation reserve was increased reduce the value of the revaluation reserve, providing that the revaluation difference had not been settled by the valuation date. The portion of the effects of decreases in the value of investments that exceeds the previously formed portion of the revaluation reserve are included in the financial costs of the reporting period.

4.2.11. **Provisions** are liabilities whose due date or amount are uncertain. Provisions are formed in accordance with a legal or customarily expected obligations, i.e. when there is a high probability that the entity will have to meet its obligations, and the costs or losses that will need to be incurred to meet the obligations are material to such an extent that failure to include them in the financial result of the period in which the obligation arose would result in a material misstatement of the Company's financial position and financial result.

Provisions are included, respectively, in other operating costs or financial costs, depending on the circumstances to which the future liabilities pertain.

4.2.12. **Liabilities** are stated as at the balance sheet date at amounts due, with the exception of liabilities, which in accordance with concluded agreements, are paid through the issue of financial assets other than cash or exchange to financial instruments – which are stated at fair value.

Liabilities with due dates of more than 1 year from the balance sheet date, with the exception of trade payables, are listed under long-term liabilities. The remaining liabilities are listed as short-term.

Liabilities expressed in foreign currencies are stated as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences relating to liabilities expressed in foreign currencies arising as at the valuation and payment date are listed as: foreign exchange losses as financial costs, and foreign exchange gains as financial revenue. In justified cases they are included in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

4.2.13. **Other accruals**

a) Accrued expenses are recognized at the value of the probable liabilities corresponding to the current reporting period.

- Paid time-off accruals
- Audit accruals

b) Deferred income, recognized in accordance with the prudence principle, includes in particular:

- funds received in order to finance the acquisition or production of fixed assets, including assets under construction and research and development work, if in accordance with other regulations they do not increase the Company's equity. The amounts included in deferred income gradually increase other operating revenue, parallel to depreciation/amortization and accumulated depreciation/amortization of fixed assets or research and development financed from those sources,
- negative goodwill,
- the equivalent of the funds received or due from contractors for services that will be performed in future reporting periods.

Advances received for the delivery of services are presented in the balance sheet under "short-term liabilities to other parties – advances for deliveries".

4.2.14. **Valuation of foreign currency transactions**

Economic transactions expressed in foreign currencies are recognized in the books of account as at the date of the transaction at the following rate:

1) the foreign exchange rate actually applied on that day, which arises out of the nature of the transaction – with respect to foreign currency sale or purchase transactions and with respect to payments of receivables and payables;

2) the average exchange rate announced by the National Bank of Poland for the day preceding the transaction – with respect to payments of receivables or payables, if the application of the actual exchange rate referred to in point 1 is not justified, and with respect to other transactions.

The following items expressed in foreign currencies are valued as at the balance sheet date:

1) assets (with the exception of shares in subordinated entities valued by equity accounting) and liabilities – at the average exchange rate binding on that day as announced for a given currency by the National Bank of Poland, subject to point 2;

2) cash at entities that buy and sell foreign currencies – at the rate applied at its purchase, no higher however than the average exchange rate announced for the day of the valuation by the National Bank of Poland.

Foreign exchange differences relating to other assets and liabilities expressed in foreign currencies arising as at their valuation and payment date are included in financial revenue or expenses, and in justified cases - in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

4.3. Financial risk factors and financial risk management – notes to the financial statements

The Company's activities are exposed to the following types of financial risk:

- market risk, including currency risk, interest rate risk and other pricing risk,
- loss of liquidity risk,
- credit risk.

Currency risk

The Company is exposed to changes in foreign exchange rates due to 30% of turnover coming from EUR and DKK. Thus the Company's currency risk is associated primarily with changes in the EUR and DKK exchange rates. Its exposure to risks associated with other currencies is immaterial.

The Company does not manage currency risk.

The Company considers managing currency risk using natural hedges (balancing the revenue and expenses in a given currency), as well as derivative financial instruments, futures and options.

Interest rate risk

The Company has credit and loan payables where interest is calculated based on variable interest rates. Their worth is immaterial from exposure to interest rate risk point of view.

Other pricing risk

The Company is not exposed to significant other pricing risk associated with financial instruments, but there is a pricing risk relating to the prices of the Company's products and raw materials. The Company does not use derivative hedging instruments with regard to pricing risk.

Loss of liquidity risk

The Company is exposed to loss of liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The Company limits its loss of liquidity risk using financing of from the parent company (Danstoker A/S).

Credit risk

The Company is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Company to incur losses. The Company undertakes activities aimed at limiting credit risk, consisting of: checking the creditworthiness of its customers, securing collateral (guarantees), bank guarantees, prepayments.

Ostrowiec Świętokrzyski, May 17th 2019

Management Board

…………………………………
Jan Enemark
Chairman of the Board

…………………………………..
Hemant Prabhakar Mohgaonkar
Member of the Board

BALANCE SHEET as at 31.03.2019

ASSETS				Note No	31 MAR 2019		31 DEC 2017	
					PLN	Rs Lacs	PLN	Rs Lacs
A.	**NON-CURRENT ASSETS**				**26,446,868**	**4,766.36**	27,027,717	4,955.42
	I.	**Intangible fixed assets**			**3,487**	**0.63**	-	-
		1.	Costs of completed research and development		-	-	-	-
		2.	Goodwill		-	-	-	-
		3.	Other intangible fixed assets		**3,487**	**0.63**	-	-
		4.	Advances for intangible fixed assets			-	-	-
	II.	**Tangible fixed assets**			**25,571,139**	**4,608.53**	26,888,482	4,929.90
		1.	Fixed assets		**25,403,365**	**4,578**	26,888,482	4,929.90
			a) land (of which in perpetual usufruct)	32	**1,568,582**	**282.70**	1,568,582	287.59
			b) buildings and constructions	32	**19,711,795**	**3,552.54**	20,459,884	3,751.24
			c) plant and equipment	32	**3,686,174**	**664.34**	4,302,103	788.77
			d) vehicles	32	**236,181**	**42.57**	296,259	54.32
			e) other fixed assets	32	**200,633**	**36.16**	261,655	47.97
		2.	Fixed assets under construction		**167,774**	**30.24**	-	-
		3.	Advances for fixed assets under construction			-	-	-
	III.	**Long-term receivables**			-	-	-	-
		1.	From related parties	6		-	-	-
		2.	From other parties in which the company has invested capital	6		-	-	-
		3.	From other parties	6		-	-	-
	IV.	**Long-term investments**			-	-	-	-
		1.	Real properties			-	-	-
		2.	Intangible fixed assets			-	-	-
		3.	Long-term financial assets			-	-	-
			a) in related parties			-	-	-
			– shares or stock			-	-	-
			– other securities			-	-	-
			– loans			-	-	-
			– other long-term financial assets			-	-	-
			b) in other parties in which the company has invested capital		-	-	-	-
			– shares or stock			-	-	-
			– other securities			-	-	-
			– loans			-	-	-
			– other long-term financial assets			-	-	-
			c) in other parties		-	-	-	-
			– shares or stock			-	-	-
			– other securities			-	-	-
			– loans			-	-	-
			– other long-term financial assets			-	-	-
		4.	Other long-term investments			-	-	-
	V.	**Long-term prepayments**			**872,241**	**157.20**	139,235	25.53
		1.	Deferred income tax assets	31	**872,241**	**157.20**	139,235	25.53
		2.	Other prepayments	31	-	-	-	-
B.	**CURRENT ASSETS**				**3,928,266**	**708.92**	2,387,380	437.72
	I.	**Inventory**			**1,719,267**	**309.85**	880,382	161.41
		1.	Raw materials	34	**1,282,263**	**231.09**	295,337	54.15
		2.	Semi-finished products and work in progress	34	**333,977**	**60.19**	562,704	103.17
			– of which constructions in progress		-	-	-	-
		3.	Finished products	34	**14,302**	**2.58**	-	-
		4.	Goods for resale	34	-	-	-	-
		5.	Advances for supplies and services	34	**88,726**	**15.99**	22,341	4.10
	II.	**Short-term receivables**			**1,903,182**	**343.00**	894,582	164.02
		1.	Receivables from related parties		**1,203,339**	**216.87**	167,802	30.77
			a) trade receivables, with due dates:		**1,203,339**	**216.87**	167,802	30.77
			– within 12 months	6	**1,203,339**	**216.87**	167,802	30.77
			– in more than 12 months	6		-	-	-
			b) other	6		-	-	-

DANSTOKER POLAND SP. ZO.O.

ASSETS	Note No	31 MAR 2019		31 DEC 2017	
		PLN	Rs Lacs	PLN	Rs Lacs
2. Receivables from other parties in which the company has invested capital			-	-	-
a) trade receivables, with due dates:			-	-	-
– within 12 months	6		-	-	-
– in more than 12 months	6		-	-	-
b) other	6		-	-	-
3. Receivables from other parties		**699,843**	**126.13**	726,780	133.25
a) trade receivables, with due dates:		**534,454**	**96.32**	3,612	0.66
– within 12 months	6	**534,454**	**96.32**	3,612	0.66
– in more than 12 months	6		-	-	-
b) tax, subsidy, customs, social and health insurance and other public receivables	6	**107,227**	**19.32**	715,776	131.23
c) other	6	**352**	**0.06**	7,392	1.36
d) receivables in court	6	**57,810**	**10.42**	-	-
III. Short-term investments		**233,900**	**42.88**	460,098	84.36
1. Short-term financial assets		**233,900**	**42.88**	460,098	84.36
a) in related parties		-	-	-	-
– shares or stock			-	-	-
– other securities			-	-	-
– loans			-	-	-
– other short-term financial assets			-	-	-
b) in other parties			-	-	-
– shares or stock			-	-	-
– other securities			-	-	-
– loans			-	-	-
– other short-term financial assets			-	-	-
c) cash and other cash assets		**233,900**	**42.88**	460,098	84.36
– cash in hand and at bank	1	**233,900**	**42.88**	460,098	84.36
– other cash	1	-	-	-	-
– other cash assets	1	-	-	-	-
2. Other short-term investments		-	-	-	-
IV. Short-term prepayments	31	**71,917**	**13.19**	152,318	27.93
– of which: assets from unfinished construction contracts			-	-	-
C. Unpaid share capital			-	-	-
D. Treasury (own) shares			-	-	-
TOTAL ASSETS		**30,375,134**	**5,475.28**	29,415,096	5,393.14

BALANCE SHEET as at 31.03.2019

LIABILITIES AND EQUITY	Note No	31 MAR 2019		31 DEC 2017	
		PLN	Rs Lacs	PLN	Rs Lacs
A. EQUITY		**(4,907,887)**	**(884.52)**	(1,140,178)	(209.05)
I. Share capital	3	5,000	0.90	5,000	0.92
II. Reserve capital, of which:			-	-	-
– share premium			-	-	-
III. Revaluation reserve, of which:			-	-	-
– from revaluation of fair value			-	-	-
IV. Other reserves, of which:			-	-	-
– formed as per the company's statute (articles)			-	-	-
– for treasury (own) shares			-	-	-
V. Accumulated profit (loss) from previous years		(1,145,178)	(206.39)	-	-
VI. Net profit (loss) for the year	4	(3,767,709)	(679.03)	(1,145,178)	(209.96)
VII. Advanced distributions of profit made in the financial year (negative value)			-	-	-
B. LIABILITIES AND COST PROVISIONS		**35,283,021**	**5,920.96**	30,555,274	5,602.19
I. Cost provisions		**2,652,507**	**40.16**	2,904,986	532.62
1. Provision for deferred income tax	13	**2,429,668**		2,585,357	474.01
2. Provision for retirement and similar benefits			-	-	-
– long-term	13		-	-	-
– short-term	13	222,839	40.16	-	-
3. Other provisions		**222,839**	**40.16**	319,629	58.60
– long-term	13		-	-	-
– short-term	13	222,839	40.16	319,629	58.60
II. Long-term liabilities		**19,702,620**	**3,550.88**	14,257,482	2,614.05
1. To related parties	7	19,702,620	3,550.88	14,257,482	2,614.05
2. To other parties in which the company has invested capital	7		-	-	-
3. To other parties			-	-	-
a) credits and loans	7		-	-	-
b) debt securities	7		-	-	-
c) other financial liabilities	7		-	-	-
d) promissory notes	7		-	-	-
e) other	7		-	-	-
III. Short-term liabilities		**2,562,775**	**461.87**	2,522,687	462.52
1. Liabilities to related parties		**587,083**	**105.81**	1,048,776	192.29
a) trade payables with due dates:		**587,083**	**105.81**	1,048,776	192.29
– within 12 months	7	587,083	105.81	1,048,776	192.29
– in more than 12 months	7		-	-	-
b) other	7		-	-	-
2. Liabilities to other parties in which the company has invested capital			-	-	-
a) trade payables with due dates:			-	-	-
– within 12 months	7		-	-	-
– in more than 12 months	7		-	-	-
b) other	7		-	-	-
3. Liabilities to other parties		**1,943,973**	**350.35**	1,472,462	269.97
a) credits and loans	7	67	0.01	113,867	20.88
b) debt securities	7		-	-	-
c) other financial liabilities	7		-	158,513	29.06
d) trade payables with due dates		**832,811**	**150.09**	403,254	73.94
– within 12 months	7	832,811	150.09	403,254	73.94
– in more than 12 months	7		-	-	-
e) advances received for supplies and services	7		-	-	-
f) promissory notes	7		-	-	-
g) tax, customs, social and health insurance and other public payables	7	527,626	95.09	469,099	86.01
h) payroll	7	413,535	74.53	313,802	57.53
i) other	7	169,933	30.63	13,927	2.55
4. Special funds		31,719	5.72	1,449	0.27
IV. Accruals		**10,365,119**	**1,868.04**	10,870,119	1,992.99
1. Negative goodwill	31	10,346,070	1,864.61	10,868,599	1,992.71
2. Accrued construction contracts	31		-	-	-
3. Other accruals		19,048	3.43	1,520	0.28
– long-term	31		-	-	-
– short-term	31	19,048	3.43	1,520	0.28
TOTAL LIABILITIES AND EQUITY		**30,375,134**	**5,475.28**	29,415,096	5,393.14

DANSTOKER POLAND SP. ZO.O.

PROFIT AND LOSS ACCOUNT [by nature] for 01.01.2018 - 31.03.2019

		Note No	01.01.2018 - 31.03.2019		18.11.2016 - 31.12.2017	
			PLN	Rs Lacs	PLN	Rs Lacs
A.	Net revenue from sales and sales equivalent, of which:		18,207,464	3,281.42	7,854,163	1,440.03
	– from related parties	14	10,746,429	1,936.76	2,077,120	380.83
	I. Net revenue from the sale of finished products	25	17,928,768	3,231.19	7,286,575	1,335.96
	II. Change in finished products (increase – positive value, decrease – negative value)	34	(214,425)	(38.64)	562,704	103.17
	– of which constructions in progress			-	-	-
	III. Cost of producing goods for the entity's own needs	26	35,544	6.41	1,775	0.33
	IV. Net revenue from the sale of goods for resale and raw materials	25	457,577	82.47	3,110	0.57
B.	Operating costs		22,865,313	4,121	9,406,464	1,724.64
	I. Depreciation	26	1,649,801	297.33	839,250	153.87
	II. Use of materials and energy	26	6,570,099	1,184.09	1,318,383	241.72
	III. Third party services	26	3,970,702	715.62	1,721,650	315.66
	IV. Taxes and charges, of which:	26	415,687	74.92	243,539	44.65
	– excise tax	26	-	-	-	-
	V. Wages and salaries	26	7,755,694	1,397.76	4,184,445	767.20
	VI. Social insurance and other employee benefits, of which:	26	1,840,633	331.73	930,227	170.55
	– retirement	26	700,735	126.29	367,870	67.45
	VII. Other costs by nature	26	308,472	55.59	166,787	30.58
	VIII. Cost of goods for resale and raw materials sold		354,226	63.84	2,184	0.40
C.	Sales profit (loss) (A-B)		(4,657,849)	(839.46)	(1,552,301)	(284.61)
D.	Other operating revenue		843,489	152.02	553,954	101.57
	I. Profit on the sale of non-financial fixed assets		81	0.01	143	0.03
	II. Subsidies			-	-	-
	III. Revaluation of non-financial assets	27		-	-	-
	IV. Other operating revenue	27	843,407	152.00	553,811	101.54
E.	Other operating costs		302,593	55.48	406,727	74.57
	I. Loss on the sale of non-financial fixed assets					-
	II. Revaluation of non-financial assets	28		-	188,266	34.52
	III. Other operating costs	28	302,593	54.53	218,461	40.05
F.	Operating profit (loss) (C+D-E)		(4,116,953)	(742.92)	(1,405,074)	(257.61)
G.	Financial revenue		27	0.00	137,452	25.20
	I. Dividends and shares in profits, of which:			-	-	-
	a) from related parties, of which:	29		-	-	-
	– in which the company has invested capital	29		-	-	-
	b) from other parties, of which:	29		-	-	-
	– in which the company has invested capital	29		-	-	-
	II. Interest, of which:	29	27	0.00	268	0.05
	– from related parties	29		-	-	-
	III. Profit on the sale of financial assets, of which:			-	-	-
	– in related parties			-	-	-
	IV. Revaluation of non-financial assets			-	-	-
	V. Other	29		-	137,184	25.15
H.	Financial costs		539,479	-	7,624	1.40
	I. Interest, of which	30	10,513	-	7,624	1.40
	– to related parties	30		-	-	-
	II. Loss on the sale of financial assets, of which:			-	-	-
	– in related parties			-	-	-
	III. Revaluation of financial assets			-	-	-
	IV. Other	30	528,965	-	-	-
I.	Gross profit (loss) (F+G-H)		(4,656,405)	(742.91)	(1,275,246)	(233.81)
J.	Income tax	10	(888,695)	(160.16)	(130,068)	(23.85)
K.	Other taxes			-	-	-
L.	Net profit (loss) (I-J-K)		(3,767,709)	(690.79)	(1,145,178)	(209.96)

Statement of cash flows (PLN) (indirect method)

	Note No	01.01.2018 - 31.03.2019		18.11.2016 - 31.12.2017	
		PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
A. Cash flows from operating activities					
I. Net profit (loss)		**(3,767,709)**	**(679.03)**	(1,145,178)	(209.96)
II. Total adjustments		**(1,189,297)**	**(214)**	(12,656,296)	(2,320.48)
1. Depreciation	RZIP_p	**1,649,801**	**297.33**	839,250	153.87
2. Foreign exchange gains (losses)	29, 30	**470,609**	**84.82**	(217,368)	(39.85)
3. Interest and shares in profits (dividends)	18	**2,087**	**0.38**	-	-
4. Profit (loss) on investing activities			-	-	-
5. Changes in provisions	18	**(252,478)**	**(45.50)**	2,904,986	532.62
6. Changes in inventory	18	**(874,429)**	**(157.59)**	(880,382)	(161.41)
7. Changes in receivables	18	**(1,008,600)**	**(181.77)**	(894,582)	(164.02)
8. Changes in short-term liabilities, excluding credits and loans	18	**153,888**	**27.73**	2,407,371	441.38
9. Changes in prepayments and accruals	18	**(1,157,606)**	**(208.63)**	10,578,566	1,939.54
10. Other adjustments	18	**(172,568)**	**(31.10)**	(27,394,138)	(5,022.61)
III. Net cash flows from operating activities (I+II)		**(4,957,007)**	**(908.85)**	(13,801,474)	(2,530.45)
B. Cash flows from investment activities					
I. Income		-	-	2,846	0.52
1. Sale of intangible and tangible fixed assets			-	2,846	0.52
2. Sale of investments in real estate and intangible fixed assets			-	-	-
3. From financial assets, of which:			-	-	-
a) in related parties		-	-	-	-
– sale of financial assets			-	-	-
– dividends and shares in profits			-	-	-
– repayment of long-term loans			-	-	-
– interest			-	-	-
– other income from financial assets			-	-	-
b) in other parties		-	-	-	-
– sale of financial assets			-	-	-
– dividends and shares in profits			-	-	-
– repayment of long-term loans			-	-	-
– interest			-	-	-
– other income from financial assets			-	-	-
4. Other investment income			-	-	-
II. Expenses		**147,745**	**27.09**	264,722	48.54
1. Acquisition of intangible and tangible fixed assets		**147,745**	**26.63**	264,722	48.54
2. Investments in real estate and intangible fixed assets		-	-	-	-
3. For financial assets, of which:			-	-	-
a) in related parties			-	-	-
– acquisition of financial assets			-	-	-
– long-term loans			-	-	-
b) in other parties			-	-	-
– acquisition of financial assets			-	-	-
– long-term loans			-	-	-
4. Other investment expenses			-	-	-
III. Net cash flows from investment activities (I-II)		**(147,745)**	**(27)**	(261,876)	(48.01)
C. Cash flows from financing activities			-	-	-
I. Income		**4,970,943**	**896**	14,739,579	2,702.44
1. Net income from the issue of shares and other capital instruments as well as contributions to capital			-	-	-
2. Credits and loans		**4,970,943**	**895.88**	14,739,579	2,702.44
3. Debt securities			-	-	-
4. Other financial income			-	-	-
II. Expenses		**92,389**	**17**	216,132	39.63
1. Acquisition of treasury (own) shares			-	-	-
2. Dividends and other payments to shareholders			-	-	-
3. Distributions of profit other than payments to shareholders			-	-	-
4. Repayment of credits and loans		**90,302**	**16.27**	216,132	39.63
5. Buyback of debt securities			-	-	-
6. Financial liabilities			-	-	-
7. Payment of finance lease payables			-	-	-
8. Interest		**2,087**	**0.38**	-	-
9. Other financial expenses			-	-	-
III. Net cash flows from financing activities (I-II)		**4,878,554**	**879**	14,523,448	2,662.82
D. Total net cash flows (A.III.+B.III+C.III)		**(226,198)**	**(57)**	460,098	84.36
E. Net change in cash balances, of which:		**(226,198)**	**(57)**	460,098	84.36
– change in cash balances relating to foreign exchange differences			-	-	-
F. Cash at beginning of period		**460,098**	**82.92**	-	-
G. Cash at end of period (F+D), of which:		**233,900**	**42.88**	460,098	84.36
– restricted cash				-	

DANSTOKER POLAND SP. ZO.O.

Statement of changes in shareholders equity

	Note No	01.01.2018- 31.03.2019		18.11.2016 - 31.12.2017	
		PLN	Rs Lacs	PLN	Rs Lacs
I. Equity at beginning of period (Opening Balance)		**(1,140,178)**	**(205.49)**		
– changes in accounting policies			-	-	-
– adjustment of errors			-	-	-
I.a. Adjusted equity at beginning of period (OB)		**(1,140,178)**	**(205.49)**	-	-
1. Share capital at beginning of period		**5,000**	**0.90**	-	-
1.1. Changes in share capital			-	5,000	0.92
a) increases relating to			-	5,000	0.92
– issue of shares			-	-	-
– raising nominal value of shares			-	-	-
– wniesienie kapitału zakładowego			-	5,000	0.92
b) decreases relating to			-	-	-
– redemption of shares			-	-	-
– decreasing nominal value of shares			-	-	-
– ……..			-	-	-
1.2. Share capital at end of period		**5,000**	**0.90**	5,000	0.92
2. Reserve capital at beginning of period			-	-	-
2.1. Changes in reserve capital			-	-	-
a) increases relating to			-	-	-
– share premium			-	-	-
– distribution of profit (statutory)			-	-	-
– distribution of profit (in excess of statutory minimum)			-	-	-
– sale or liquidation of previously revalued fixed assets – revaluation difference relating to disposed fixed assets			-	-	-
– ……..			-	-	-
b) decreases relating to			-	-	-
– coverage of loss			-	-	-
– redemption of treasury shares			-	-	-
– raising share capital			-	-	-
– ……..			-	-	-
2.2. Reserve capital at end of period			-	-	-
3. Revaluation reserve at beginning of period – changes in accounting policies			-	-	-
3.1. Changes in revaluation reserve			-	-	-
a) increases relating to			-	-	-
– revaluation of fixed assets			-	-	-
– revaluation of fair value			-	-	-
– decrease in provision for deferred income tax on temporary differences charged to this reserve			-	-	-
– revaluation of other assets			-	-	-
– foreign exchange differences on translation of foreign branches			-	-	-
– ……..			-	-	-
b) decreases relating to			-	-	-
– sale of fixed assets			-	-	-
– revaluation of goodwill			-	-	-
– increase in provision for deferred income tax on temporary differences charged to this reserve			-	-	-
– revaluation of other assets			-	-	-
– foreign exchange differences on translation of foreign branches			-	-	-
– ……..			-	-	-
3.2. Revaluation reserve at end of period			-	-	-
4. Other reserves at beginning of period			-	-	-
4.1. Changes in other reserves			-	-	-
a) increases relating to			-	-	-
– formed in accordance with company statute (articles)			-	-	-
– for treasury (own) shares			-	-	-
– …			-	-	-
b) decreases relating to			-	-	-
– coverage of accounting loss			-	-	-
– redemption of own shares			-	-	-
– increase in share capital or reserve capital			-	-	-

	Note No	01.01.2018- 31.03.2019		18.11.2016 - 31.12.2017	
		PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
– dividend payments			-	-	-
– refund of shareholder contributions			-	-	-
– …			-	-	-
4.2. Other reserves at end of period			-	-	-
5. Accumulated profit (loss) from previous years at beginning of period			-	-	-
5.1. Accumulated profit from previous years at beginning of period			-	-	-
– changes in accounting policies			-	-	-
– adjustment of errors			-	-	-
5.2. Adjusted accumulated profit from previous years at beginning of period			-	-	-
a) increases relating to			-	-	-
– distribution of profits from previous years			-	-	-
– …			-	-	-
b) decreases relating to			-	-	-
– dividend payments			-	-	-
– increase of share capital, reserve capital or other reserves			-	-	-
– coverage of loss for previous years			-	-	-
– redemption of shares			-	-	-
– …			-	-	-
5.3. Accumulated profit from previous years at end of period			-	-	-
5.4. Accumulated loss from previous years at beginning of period			-	-	-
– changes in accounting policies			-	-	-
– adjustment of errors			-	-	-
5.5. Adjusted accumulated loss from previous years			-	-	-
a) increases relating to			-	-	-
– transfer of loss from previous years to be covered			-	-	-
– loss on sale or redemption of treasury (own) shares by reducing share capital not covered with reserve capital		**1,145,178**	**206.39**	-	-
b) decreases relating to			-	-	-
– coverage of loss from previous years from profit			-	-	-
– coverage of loss from previous years from reserve capital and other reserves			-	-	-
– coverage of loss from previous years from a reduction in share capital			-	-	-
– coverage of loss from previous years from shareholder contributions			-	-	-
– …			-	-	-
5.6. Accumulated loss from previous years at end of period		**1,145,178**	**206.39**	-	-
5.7. Accumulated profit (loss) from previous years at end of period		**(1,145,178)**	**(206.39)**	-	-
6. Net profit/loss		**(3,767,709)**	**(679.03)**	(1,145,178)	(209.96)
a) net profit			-	-	-
b) net loss		**3,767,709**	**679.03**	1,145,178	209.96
c) advanced distributions of profit			-	-	-
II. Equity at end of period (Closing Balance)		**(4,907,887)**	**(884.52)**	(1,140,178)	(209.05)
III. Equity after proposed distribution of profit (coverage of loss)		**(4,907,887)**	**(884.52)**	(1,140,178)	(209.05)

DANSTOKER POLAND SP. ZO.O.

Note 1

Cash and other cash assets

	31.03.2019	**31.12.2017**
1. Cash in hand	515,79	1 528,16
2. Cash at bank	172 966,44	458 569,53
3. Cash at bank (VAT account)	60 417,55	0,00
4. Other cash	0,00	0,00
5. Other cash assets	0,00	0,00
Total	**233 899,78**	**460 097,69**

Note 2

Cash and other cash assets (currency structure)

Type of Asset	**Amount in PLN**	**Amount in EUR**	**Translated from EUR to PLN**	**Amount in DKK**	**Translated from DKK to PLN**	**Total cash and other cash assets in PLN**
Cash in hand and at bank	222 827,40	2 567,51	11 043,63	49,90	28,75	233 899,78
Other cash	0,00	0,00	0,00	0,00	0,00	0,00
Other cash assets	0,00	0,00	0,00	0,00	0,00	0,00
Total	**222 827,40**	**2 567,51**	**11 043,63**	**49,90**	**28,75**	**233 899,78**

Note 3

Share capital ownership structure and number and nominal value of subscribed shares

Share capital ownership (shareholders with at least 5% of shares)	**series / issue**	**registration date**	**how covered**	**right to dividend (starting date)**	**number of shares**	**number of votes**	**share issue price**	**nominal value of shares (in PLN)**	**% of share capital***
1. Share Capital (shareholder DANSTOKER A/S)		28.03.2017	Share capital has been covered entirely with cash		100,00	100,00	50,00	5 000,00	100,00
Razem					100,00	100,00	50,00	5 000,00	100,00

*share in share capital corresponds with share in number of votes

Remarks:
Change of share ownership is based on divestment of shares from 28th of March 2017

Note 4

Proposed distribution of profit or coverage of loss for the year

	31.03.2019	31.12.2017
NET PROFIT/LOSS	**-3 767 709,33**	-1 145 177,86
Reserve capital (+/-)	**0,00**	0,00
Other reserves (+/-)	**0,00**	0,00
Company Employee Social Benefits Fund	**0,00**	0,00
Shareholder dividends (interest on capital)	**0,00**	0,00
Bonuses from profit	**0,00**	0,00
Social causes	**0,00**	0,00
Reduction in share capital	**0,00**	0,00
Shareholder contributions (if provided for in the articles of association)	**0,00**	0,00
Coverage of losses from previous years	**0,00**	0,00
Coverage of losses from future profits	**-3 767 709,33**	-1 145 177,86

Note 5

Long-term liabilities – ageing

	1. To related parties	2. To related parties in which the company has invested capital	3. To other parties, of which:						Total
			" Total (a-e) "	a) credits and loans	b) debt securities	c) other financial liabilities	d) promissory notes	e) other (please specify)	
Repayment period									
up to 1 year									
beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
from 1 to 3 years									
beginning of period	14 257 482,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	14 257 482,25
end of period	19 702 620,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19 702 620,00
from 3 to 5 years									
beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
more than 5 years									
beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total									
beginning of period	14 257 482,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	14 257 482,25
end of period	19 702 620,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19 702 620,00

Note 6

Breakdown of balance sheet assets

	Gross amount in the financial year	Revaluation write downs	Gross amount in the previous year	Revaluation write downs
1. Receivables from related parties	**1 203 339,39**	**0,00**	**167 802,31**	**0,00**
a) long-term	0,00	0,00	0,00	0,00
– credits and loans	0,00	0,00	0,00	0,00
– security deposits	0,00	0,00	0,00	0,00
– debt securities	0,00	0,00	0,00	0,00
– other receivables	0,00	0,00	0,00	0,00
b) short-term	1 203 339,39	0,00	167 802,31	0,00
– credits and loans	0,00	0,00	0,00	0,00
– security deposits	0,00	0,00	0,00	0,00
– debt securities	0,00	0,00	0,00	0,00
– trade receivables with due dates:	1 203 339,39	0,00	167 802,31	0,00
– within 12 months	1 203 339,39	0,00	167 802,31	0,00
– in more than 12 months	0,00	0,00	0,00	0,00
– other receivables	0,00	0,00	0,00	0,00
2. Receivables from other parties in which the company has invested	**0,00**	**0,00**	**0,00**	**0,00**
a) long-term	0,00	0,00	0,00	0,00
b) short-term	0,00	0,00	0,00	0,00
3. Receivables from other parties	**888 108,17**	**188 265,65**	**915 045,34**	**188 265,65**
a) long-term	0,00	0,00	0,00	0,00
b) short-term	888 108,17	188 265,65	915 045,34	188 265,65
– credits and loans	0,00	0,00	0,00	0,00
– security deposits	0,00	0,00	0,00	0,00
– debt securities	0,00	0,00	0,00	0,00
– trade receivables with due dates:	722 719,62	188 265,65	191 877,42	188 265,65
– within 12 months	722 719,62	188 265,65	191 877,42	188 265,65
– in more than 12 months	0,00	0,00	0,00	0,00
– tax, subsidy, customs, social and health insurance and other public receivables	107 226,55	0,00	715 775,92	0,00
– other receivables	352,00	0,00	7 392,00	0,00
– receivables in court	57 810,00	0,00	0,00	0,00

DANSTOKER POLAND SP. ZO.O.

Note7

Breakdown of balance sheet liabilities

Breakdown	**31.03.2019**	**31.12.2017**
1. Liabilities to related parties	**20 289 703,40**	**15 306 258,56**
a) long-term	19 702 620,00	14 257 482,25
– credits and loans	19 702 620,00	14 257 482,25
b) short-term	587 083,40	1 048 776,31
– credits and loans	0,00	0,00
– debt securities	0,00	0,00
– other financial liabilities	0,00	0,00
– promissory notes	0,00	0,00
– trade payables with due dates	587 083,40	1 048 776,31
– within 12 months	587 083,40	1 048 776,31
– in more than 12 months	0,00	0,00
– other	0,00	0,00
2. Liabilities to other parties in which the company has invested capital	**0,00**	**0,00**
3. Liabilities to other parties	**1 943 972,71**	**1 472 461,81**
a) long-term	0,00	0,00
b) short-term	1 943 972,71	1 472 461,81
– credits and loans	67,30	113 867,00
– debt securities	0,00	0,00
– other financial liabilities	0,00	158 512,98
– trade payables with due dates	832 811,20	403 254,41
– within 12 months	832 811,20	403 254,41
– in more than 12 months	0,00	0,00
– advances received for deliveries	0,00	0,00
– promissory notes	0,00	0,00
– tax, subsidy, customs, social and health insurance and other public payables	527 626,46	469 098,90
– payroll	413 535,17	313 801,57
– other	169 932,58	13 926,95

Note 8

Contingent liabilities to other parties (by title)

	Nature and form of collateral for individual contingent liabilities	**Liability in the financial year**	**Liability in the previous year**
lease agreement 68513 Prime Car Management S.A. (car)	blank promissory note	56 949,80	110 563,34
lease agreement 68965 Prime Car Management S.A.(car)	blank promissory note	15 502,05	47 188,60
umowa cesji praw o przejęcie długu do umowy leasingu 60884 Prime Car Management S.A. (car)	blank promissory note	29 369,78	49 394,63
lease agreement 71139 Prime Car Management S.A.(car)	blank promissory note	24 403,94	0,00
lease agreement 71040 Prime Car Management S.A.(car)	blank promissory note	23 897,06	0,00
lease agreement 70180 Prime Car Management S.A.(car)	blank promissory note	18 145,50	0,00
conveyance of title to lease 312294 Deutsche Leasing(welding robotESAB)			120 866,25
lease conveyance of title 312347 Deutsche Leasing (hydraulic coiler for sheet metal MG-Hezinger 3)			37 646,73
udebt assumtion contract to loan contract 454/16 Wojewódzki Fundusz Ochrony Środowiska (Assembly of photovoltaic set)			113 867,00
Total		168 268,13	479 526,55

Note 9

Provisions for doubtful debts

Type of receivable	**Changes in provisions during the financial year**				
	Opening balance	**Increases**	**Use**	**Releases**	**Closing balance**
Provisions for receivables from WEISS A/S Dania	188 265,65	0,00	0,00	0,00	188 265,65
	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00

Note 10

Settlement of main items differentiating income tax base from gross financial result (profit, loss)

	01.01.2018 - 31.03.2019	18.11.2016-31.12.2017
Gross PROFIT/LOSS	**-4 656 404,63**	**-1 275 245,98**
Non-tax deductible costs	2 530 033,34	2 250 888,52
– provision for doubtful debts	0,00	188 265,65
– cost provision	0,00	180 339,57
– unpaid wages and salaries (civil law contracts)	24 866,60	0,00
– unpaid ZUS premiums	216 534,50	153 904,05
– foreign exchange difference	280 855,19	9 526,77
– penalty interest to state budget	5 860,01	97,00
– vehicle usage costs	2 929,87	181,27
– interest payable	0,00	166,22
– PFRON premiums	4 171,00	17 344,00
– debts written off as expired	83 550,15	139 289,15
– contractual penalties and damage compensation	0,00	0,00
– donations	0,00	0,00
– interest limited by so-called “thin capitalization”	222 656,75	0,00
– subscriptions	1 171,98	576,87
– costs of representation	12 838,29	27 331,06
Non-tax deductible costs April 2017	0,00	650 228,54
– other non-tax deductible costs	16 621,59	36 194,50
– exchange adjustment related to VAT	1 367,45	0,00
– balance sheet amortisation	1 649 800,96	837 474,75
– unpaid business trips	0,00	9 969,12
– judical alert payment	0,00	0,00
– withholding tax	6 809,00	0,00
Non-accounting taxable costs	1 192 715,49	530 648,26
– interest paid	0,00	0,00
– reversal of tax correction (30 days)	0,00	0,00
– tax depreciation	841 730,86	403 078,81
– leasing payment	160 080,58	127 569,45
– paid ZUS premiums from 2017	153 904,05	0,00
– audit charges	37 000,00	0,00
Non-taxable accounting revenue	533 232,14	751 599,16
– excess of revenue accrued over revenue invoiced	0,00	0,00
– release of provision for doubtful debts	0,00	249 962,27
– unrealized foreign exchange differences	755,28	222 656,75
– written off loan	4 516,74	0,00
– write-off exchange loss from balance sheet valuation	5 289,07	0,00
– accrued interest	0,00	0,00
– badwill write-off	522 528,75	278 682,00
– VAT related currency exchange variances	142,30	0,00
– other non-tax deductible costs	0,00	298,14
Non-accounting taxable revenue	23 565,22	0,00
– interest received	0,00	0,00
– written off loan value	23 565,22	0,00
Income deductions	0,00	0,00
– donations	0,00	0,00
– 50% of loss for the year	0,00	0,00
– ...	0,00	0,00
– ...	0,00	0,00
Tax base	**-3 828 754,00**	**-306 605,00**
Current income tax, of which:	0,00	0,00
– income tax on discontinued operations	0,00	0,00
Tax deducted by payer from paid out dividend	0,00	**0,00**
Change in deferred income tax assets	733 006,57	91 742,00
Change in provisions for deferred income tax	-155 688,73	-38 326,12
Tax liability listed in the profit and loss account	**-888 695,30**	**-130 068,12**

Note 11

Change in deferred income tax assets

		01.01.2018 - 31.03.2019	18.11.2016-31.12.2017
1.	**Deferred income tax assets at beginning of period, of which:**	**139 234,69**	**47 493,00**
	a) charged to financial result at net amount	139 234,69	0,00
	– gross amount	139 234,69	
	– revaluation	0,00	0,00
	b) charged to equity	0,00	0,00
	– gross amount	0,00	0,00
	– revaluation	0,00	0,00
	c) charged to goodwill or negative goodwill	0,00	47 493,00
	– gross amount	0,00	47 493,00
	– revaluation	0,00	0,00
2.	**Increases**	**872 241,26**	**186 728,00**
	a) charged to financial result for the period in connection with negative temporary differences	85 717,95	127 668,00
	– inventory write down	0,00	
	– provision for unused annual leave	0,00	0,00
	– unrealised currency exchange variances	53 218,98	0,00
	– unpaid payroll based on irregular contracts	4 724,65	0,00
	– provision for costs of third party services	0,00	34 265,00
	– provision for unused annual leave	15 874,53	26 465,00
	– revaluation of deferred income tax assets	11 899,79	29 242,00
	– provision for receivables	0,00	35 770,00
	– other	0,00	1 926,00
	b) charged to financial result for the period in connection with tax loss (relating to)	786 523,31	59 060,00
	– 2017 loss	59 060,11	59 060,00
	– 2018/19 loss	727 463,20	0,00
	– revaluation of deferred income tax assets	0,00	0,00
3.	**Decreases**	**139 234,69**	**47 493,00**
	a) charged to financial result for the period in connection with negative temporary differences (relating to)	80 174,58	47 493,00
	– change in provision for unused paid time off and social benefits fund	0,00	47 493,00
	– provision for social benefits fund	-47 492,83	0,00
	– revaluation of deferred income tax assets	0,00	0,00
	– unpaid FICA	29 241,77	
	– unpaid business trips	1 894,12	
	– provision for unused annual leave	26 464,94	
	– receivables provision	35 770,47	
	– provision for other expenses	34 264,53	
	– other	31,58	
	b) charged to financial result for the period in connection with tax loss (relating to)	59 060,11	0,00
	– 2017 loss	59 060,11	0,00
	– ...	0,00	0,00
	– ...	0,00	0,00
	– revaluation of deferred income tax assets	0,00	0,00
	c) charged to equity in connection with negative temporary differences (relating to)	0,00	0,00
	d) charged to equity relating to tax loss	0,00	0,00
	e) charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	0,00	0,00
4.	**Total deferred income tax assets at end of period, of which:**	**872 241,26**	**139 235,00**
	a) charged to financial result	872 241,26	139 235,00
	– gross amount	872 241,26	139 235,00
	– revaluation	0,00	0,00
	b) charged to equity	0,00	0,00
5.	**Presumable value of deferred income tax assets associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (points 16.8. and 16.12.KSR 2). In this case, information is also given about the value of temporary differences relating to these investments.**	**0,00**	**0,00**
6.	**Reasons for which the company has not revalued its deferred income tax assets**	**0,00**	**0,00**
7.	**Total amount of temporary differences relating to investments, for which no provisions for deferred income tax have been formed, of which3: 0**	**0,00**	**0,00**

Note 12

Change in provision for deferred income tax

		01.01.2018 - 31.03.2019	18.11.2016-31.12.2017
1.	**Provision for deferred income tax at beginning of period, of which:**	**2 585 356,69**	**2 623 683,12**
	a) charged to financial result	-38 326,43	
	b) charged to equity	0,00	0,00
	c) charged to goodwill or negative goodwill	2 623 683,12	2 623 683,12
2.	**Increases**	**0,00**	**41 300,00**
	a) charged to financial result for the period due to positive temporary differences (relating to)	0,00	41 300,00
	– currency exchange variance which is not part of tax income	0,00	41 300,00
	– fixed asset value variance		
	– …	0,00	0,00
	b) charged to equity due to positive temporary differences (relating to)	0,00	0,00
	c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	0,00	0,00
	– fixed asset value variance	0,00	0,00
3.	**Decreases**	**155 688,73**	**79 626,12**
	a) charged to financial result for the period due to positive temporary differences (relating to)	155 688,73	79 626,12
	– fixed asset value variance (both carrying and tax)	114 388,87	79 626,12
	– derecognisation of exchange currency variances from balance sheet valuation	41 299,86	
	b) charged to equity due to positive temporary differences (relating to)	0,00	0,00
	c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	0,00	0,00
4.	**Total provision for deferred income tax at end of period, of which:**	**2 429 667,96**	**2 585 357,00**
	a) charged to financial result	-194 015,16	-38 326,12
	b) charged to equity	0,00	0,00
	c) charged to goodwill or negative goodwill	2 623 683,12	2 623 683,12
5.	**Presumable value of provisions for deferred income tax associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (point 16.8. and 16.12.KSR 2). In this case, information is also given about the value of temporary differences relating to these investments.**	**0,00**	**0,00**

Note 13

Provisions

		Opening balance	Increases	Use	Releases	Closing balance
1.	**For deferred income tax**	**2 585 357,00**	**0,00**	**0,00**	**155 689,04**	**2 429 667,96**
2.	**For retirement and similar benefits, of which:**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
	a) long-term	0,00	0,00	0,00	0,00	0,00
	b) short-term	0,00	0,00	0,00	0,00	0,00
3.	**Other provisions, of which:**	**319 628,72**	**222 839,30**	**319 628,72**	**0,00**	**222 839,30**
	a) long-term	0,00	0,00	0,00	0,00	0,00
	b) short-term	319 628,72	222 839,30	319 628,72	0,00	222 839,30
	– paid time off provisions	139 289,15	222 839,30	139 289,15	0,00	222 839,30
	– provision for social benefits fund	0,00	0,00	0,00	0,00	0,00
	– provision for audit of statement of accounts	37 000,00	0,00	37 000,00	0,00	0,00
	– current period expenses non invoiced (consulting fee)	143 339,57	0,00	143 339,57	0,00	0,00
Total		**2 904 985,72**	**222 839,30**	**319 628,72**	**155 689,04**	**2 652 507,26**

Note 14

Information about transactions with related parties

Transaction description	**Company name**	**01.01.2018 - 31.03.2019**	**18.11.2016-31.12.2017**
Product sales	Boilerworks A/S	2 533 869,05	440 120,00
Services sales	Boilerworks A/S	968 543,17	136 572,00
Goods Sales	Boilerworks A/S	178,86	553,00
Total		**3 502 591,08**	**577 245,00**
Product sales	Danstoker A/S	6 571 902,25	1 051 950,00
Services sales	Danstoker A/S	648 658,87	447 925,00
Total		**7 220 561,12**	**1 499 875,00**
Services sales	Thermax	23 277,15	0,00
Total		**23 277,15**	**0,00**
Purchase of materials and fixed assets	Boilerworks A/S	225 537,66	0,00
Total		**225 537,66**	**0,00**

DANSTOKER POLAND SP. ZO.O.

Transaction description	Company name	01.01.2018 - 31.03.2019	18.11.2016-31.12.2017
Purchase of materials	Danstoker A/S	1 497 941,60	290 935,00
Purchase of services	Danstoker A/S	89 270,09	0,00
Reinvoicing of transportation cost and bank	Danstoker A/S	16 988,48	781 736,00
Loan	Danstoker A/S	4 970 875,34	0,00
Total		**6 575 075,51**	**1 072 671,00**
Purchase (business processes development related)	Thermax	493 576,82	0,00
Total		**493 576,82**	**0,00**

Note 15

Information about the entity preparing the consolidated financial statements at the highest level of the group in which the company is

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Ltd., Pune, India	Thermax Limited D-13, MIDC Industrial Area R D Aga Road, Chinchwad, Pune 411019; www.thermaxglobal.com

Note 16

Information about the entity preparing the consolidated financial statements at the lowest level of the group in which the company is a subsidiary

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Denmark ApS, Herning, Denmark	Danstoker A/S Industrivej Nord 13 7400 Herning DENMARK; www.cvr.dk

Note 17

Exchange rates used to value financial statements items expressed in foreign currencies

Currency	Exchange rate for the reporting period	Exchange rate for the previous period
Euro	4,3013	4,1709
USD	3,7597	3,4813
GBP	4,7895	4,7001
DKK	0,5761	0,5602

Note 18

Breakdown of cash for the statement of cash flows

Item A.II.3. Interest and shares in profits (dividends)	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Interest on deposits in excess of 3 months	0,00	0,00
Interest on loans	0,00	0,00
Interest on credits	2 086,73	0,00
Dividends received and booked	0,00	0,00
Dividends paid and booked	0,00	0,00
Other interest	0,00	0,00
Total interest	**2 086,73**	**0,00**

Item A.II.5. Changes in cost provisions	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Provision for deferred income tax	2 429 667,96	2 585 357,00
Provision for retirement and similar benefits	0,00	0,00
Other provisions	222 839,30	319 628,72
Total	**2 652 507,26**	**2 904 985,72**
Change in value	**-252 478,46**	**2 904 985,72**

Item A.II.6. Changes in inventory	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Total inventory	1 719 267,27	880 382,16
Purchase costs	0,00	0,00
Revaluation	0,00	0,00
Total	**1 719 267,27**	**880 382,16**
Change in value, of which:	**-838 885,11**	**-880 382,16**
Change in the value of a non-cash contribution	0,00	0,00

Item A.II.7. Changes in receivables	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Long-term receivables	0,00	0,00
Short-term receivables from related parties	1 203 339,39	167 802,31
Short-term receivables from other parties in which the	0,00	0,00
Short-term receivables from other parties	699 842,52	726 779,69
Total receivables	**1 903 181,91**	**894 582,00**
Change in receivables	**-1 008 599,91**	**-894 582,00**

Item A.II.8. Change in short-term liabilities, excluding credits and loans	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Short-term liabilities to related parties	587 083,40	1 048 776,31
Short-term liabilities to other parties in which the	0,00	0,00
Short-term liabilities to other parties	1 943 972,71	1 472 461,81
Special funds	31 719,05	0,00
Total liabilities, of which:	**2 562 775,16**	**2 521 238,12**
Liabilities relating to the purchase of tangible and	0,00	0,00
Liabilities relating to investments in real estate and	0,00	0,00
Other liabilities relating to investment activities	0,00	0,00
Total liabilities relating to investment activities	**0,00**	**0,00**
Liabilities relating to the purchase of treasury (own)	0,00	0,00
Liabilities relating to dividends and other payments to	0,00	0,00
Liabilities relating to the distribution of profit, other	0,00	0,00
Liabilities relating to debt securities	0,00	0,00
Other financial liabilities	0,00	0,00
Liabilities relating to finance lease agreements	0,00	0,00
Liabilities relating to credits and loans	67,30	113 867,00
Total liabilities from financing activities	**67,30**	**113 867,00**
Liabilities relating to income tax charged directly to	**0,00**	**0,00**
Liabilities relating to operating activities	**2 562 707,86**	**2 407 371,12**
Change in liabilities	**155 336,74**	**2 407 371,12**

Item A.II.9. Change in prepayments and accruals	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Long-term prepayments	872 241,26	139 234,75
Short-term prepayments	71 917,44	152 317,76
Total	**944 158,70**	**291 552,51**
1. Change in value	**-652 606,19**	**-291 552,51**
Negative goodwill	10 346 070,26	10 868 599,00
Long-term accruals	0,00	0,00
Short-term accruals	19 048,48	1 520,00
Total	**10 365 118,74**	**10 870 119,00**
2. Change in value	**-505 000,26**	**10 870 119,00**
Total change in prepayments and accruals (1+2)	**-1 157 606,45**	**10 578 566,49**

Item A. II. 10. Other adjustments	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Non-financial losses caused by accidental events to	0,00	0,00
Net write downs relating to impairment of value, adjusting the value of fixed assets and short-term	0,00	0,00
Cancellation of credits and loans taken out (minus)	-23 565,22	0,00
Cancellation of long-term loans (plus)	0,00	0,00
Write off of fixed assets under construction which gave	0,00	0,00
Fixed assets disposal	0,00	29 124,36
Other	-149 002,31	-27 423 261,95
Total	**-172 567,53**	**-27 394 137,59**
Change in value	-172 567,53	-27 394 137,59

Item E. Net change in cash balances	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Cash in hand	515,79	1 528,16
Cash at bank	233 383,99	458 569,53
Bank deposits for up to 3 months	0,00	0,00
Cash equivalents, of which:	0,00	0,00
– checks	0,00	0,00
– promissory notes	0,00	0,00
– other	0,00	0,00
Total cash and cash equivalents	**233 899,78**	**460 097,69**
Change in cash and cash equivalents	**-226 197,91**	**460 097,69**
Balance sheet valuation of cash	0,00	0,00
Change in cash relating to foreign exchange differences	**0,00**	**0,00**
Restricted cash	**0,00**	**0,00**

DANSTOKER POLAND SP. ZO.O.

Note 19

Nature and economic objective of concluded agreements not included in the balance sheet to the extent necessary to assess their effect on the company's financial position and financial result

Description	Value of agreement
	0.00
	0.00
	0.00

Remarks:

Not Present

Note 20

Average employment in the financial year by occupational group

	Average number of employees in the financial year	Average number of employees in the previous year
Total, of which:	**95,58**	**85,38**
– white collar (in non-labor positions)	32,82	33,98
– blue collar (in labor positions)	62,76	51,40
– apprentices	0,00	0,00
– home-based workers	0,00	0,00
– employees on parental or unpaid leave	0,00	0,00

Note 21

Remuneration due or paid out to members of the company's management, supervisory and administrative organs for the financial year

Remuneration	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
I. Paid out or due to members of management organs, of which:	0,00	0,00
1. remuneration	0,00	0,00
2. bonuses and profit-based remuneration	0,00	0,00
II. Paid out or due to members of supervisory organs, of which:	0,00	0,00
1. remuneration	0,00	0,00
2. bonuses and profit-based remuneration	0,00	0,00
III. Paid out or due to members of administrative organs, of which:	0,00	0,00
1. remuneration	0,00	0,00
2. bonuses and profit-based remuneration	0,00	0,00
TOTAL	**0,00**	**0,00**

Remarks:

Board Members are not paid out remuneration

Note 22

Fee to certified auditor or entity authorized to audit financial statements, paid out or due for the financial year

Wyszczególnienie	Date of agreement relating to the reporting period	Duration of agreement relating to the reporting period	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
Mandatory audit of financial statements			24 000,00	37 000,00
Other assurance services			0,00	0,00
Tax advisory service			0,00	0,00
Consolidated financial statements			0,00	0,00
Other services			60 000,00	0,00
Total			**84 000,00**	**37 000,00**

Note 23

Information about significant events that occurred after the balance sheet date and have not been included in the financial statements, and about

Significant subsequent events not included in the financial statements	Effect on the company's financial position and financial result
On June 18th, Danstoker Poland Sp. z o.o. has received letter from Trade Department of Court in Kielce an action for payment of 247 011,43 plus interest that was brought by WEISS Sp. z o.o. Ostrowiec Św.	

Note 24

Threats to going concern

Item	Description
Confirmation of uncertainty with regard to going concern	NO
Description of uncertainties with regard to going concern	
Information about adjustments recognized in the financial statements in connection with uncertainty relating to going concern	
Description of actions undertaken or planned to eliminate uncertainty with regard to going concern	

Remarks:

Sales Department has been brought to life in March 2018. Its main resposnsibility is budget realisation, which will enable the company to become independent of parent company. Profit is planned for current year, otherwise parent company will maintain comapny liquidity. It is planned to increase share capital in 2019. On June 14th Chairman of the Board, Jan Enemark, has signed letter of intent where he has assured that Danstoker A/S will provide sufficient funds to continue operations for following 12 months and will support following activities of Danstoker Poland Sp. z o.o.

Note 25

Net revenue from the sale of goods for resale and finished products by type and territory

	01.01.2018 - 31.03.2019		18.11.2016 - 31.12.2017	
	from related parties	from other parties	from related parties	from other parties
1. Sale of services (by type)	1 060 843,76	4 084 809,05	567 523,79	5 169 510,47
– sales of services to related parties	1 060 843,76	0,00	567 523,79	0,00
– sales of services to other parties	0,00	4 084 809,05	0,00	5 169 510,47
2. Sale of raw materials (by type)	3 078,84	3 204,20	0,00	568,09
– sales of raw materials to related parties	3 078,84	0,00	0,00	0,00
– sales of raw materials to other parties	0,00	3 204,20	0,00	568,09
3. Sale of goods for resale (by type)	405,98	450 888,00	601,76	1 940,00
– sales of goods to related parties	405,98	0,00	601,76	0,00
– sales of goods to other parties	0,00	450 888,00	0,00	1 940,00
4. Sale of finished products or other services (by type)	9 682 100,76	3 101 014,02	1 508 993,58	40 546,82
– sales of finished products to related parties	9 682 100,76	0,00	1 508 993,58	0,00
– sales of finished products to other parties	0,00	3 101 014,02	0,00	40 546,82
5. Other sales revenue (by type)	0,00	0,00	0,00	0,00
TOTAL	**10 746 429,34**	**7 639 915,27**	**2 077 119,13**	**5 212 565,38**
of which:				
Sale to domestic customers	4 285 013,37	0,00	27 537,09	0,00
– finished products/services	3 665 030,81	0,00	25 029,00	0,00
– goods for resale	450 888,00	0,00	2 508,09	0,00
– raw materials	169 094,56			
Export sales	1 325 384,48	0,00	0,00	0,00
– finished products/services	1 325 384,48	0,00	0,00	0,00
– goods for resale	0,00	0,00	0,00	0,00
EU sales	12 775 946,76	0,00	7 262 147,42	0,00
– finished products/services sales to related parties	9 417 560,04	0,00	2 076 517,37	0,00
– finished products/services sales to other parties	3 354 901,90	0,00	5 185 028,29	0,00
– raw materials sales from related parties	3 078,84			
– goods for resale from related parties	405,98	0,00	601,76	0,00
– goods for resale from other parties	0,00	0,00	0,00	0,00

Note 26

Costs by nature and costs of producing goods for the entity's own needs

	01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
A. Cost of producing goods for the entity's own needs	**35 544,17**	**1 775,33**
B. Costs by nature	**22 511 086,70**	**9 404 280,19**
1. Depreciation	1 649 800,96	839 250,08
2. Use of materials and energy	6 570 098,67	1 318 383,06
3. Third party services	3 970 701,91	1 721 649,64
4. Taxes and charges, of which:	415 686,76	243 539,02
– excise tax	0,00	0,00

		01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
5.	Wages and salaries	7 755 693,70	4 184 445,10
6.	Social insurance and other employee benefits, of which:	1 840 633,03	930 226,65
	– retirement	700 735,15	367 869,68
7.	Other costs by nature (due to)	308 471,67	166 786,64
	– business trips	157 511,32	86 367,51
	– representation	13 547,03	27 994,81
	– advertising	46 275,50	46 719,03
	– other non-tax-deductible expenses	6 493,57	4 662,46
	– other cost by nature	84 644,25	1 042,83
C.	**Value of sold goods and raw materials**	**354 225,99**	**0,00**
TOTAL		**22 900 856,86**	**9 406 055,52**

Note 27

Other operating revenue

		01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
I.	**Released provisions (relating to)**	**522 528,75**	**312 475,02**
	– badwill write-off	522 528,75	278 682,00
	– derecognition of social benefits fund	0,00	33 793,02
II.	**Other, of which:**	**320 959,93**	**241 336,18**
	1) release of provisions for doubtful debts	0,00	0,00
	2) revaluation of intangibles included in investments	0,00	0,00
	3) revaluation of real estate included in investments	0,00	0,00
	4) refunded costs of disputes	0,00	0,00
	5) expired liabilities	0,00	0,00
	6) inventory surplus	257 409,51	6 851,03
	8) Revenue from the disposal of non-financial fixed assets	81,30	0,00
	9) scrap sales	0,00	52 638,57
	10) credit notes from Weiss	0,00	166 596,20
	11) subsidy for salaries from National Fund for Rehabilitation of Disabled Persons (PFRON)	52 654,17	0,00
	12) write-off debt from WFOŚ	4 516,74	0,00
	13) other operating revenue	6 298,21	15 250,38
TOTAL other operating revenue		**843 488,68**	**553 811,20**

Note 28

Other operating costs

			01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
I.	**Provisions (relating to)**		**0,00**	**0,00**
	– …		0,00	0,00
II.	**Other, of which:**		**302 592,97**	**406 727,11**
	1)	provision for doubtful debts	0,00	188 265,65
		Reason formed:	0,00	0,00
	2)	revaluation of intangibles included in investments	0,00	0,00
		Reason formed:	0,00	0,00
	3)	revaluation of real estate included in investments	0,00	0,00
		Reason formed:	0,00	0,00
	4)	refunded costs of disputes	2 890,50	642,00
	5)	expired liabilities	0,00	0,00
	6)	returned, cancelled taxes	251 887,38	0,00
	7)	disposal costs of non-financial fixed assets	0,00	26 421,62
	8)	Correction of financial results (Net financial result 04.2017 corrected down by removal of paid time off provision)	0,00	107 022,17
	9)	commenced finance lease	12 623,10	0,00
	10)	other operating costs	35 191,99	84 375,67
TOTAL other operating costs			**302 592,97**	**406 727,11**

Note 29

Selected financial revenue

		01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
I.	**Total financial revenue from dividends and shares in profits**	**0,00**	**0,00**
II.	**Total financial revenue from interest**	**26,98**	**268,00**
	1) on loans	0,00	0,00
	2) other interest	26,98	0,00
	b) from other parties	0,00	268,00
III.	**Total other financial revenue**	**0,00**	**137 183,77**
	1) foreign exchange gains	0,00	137 183,77
	– realized	0,00	-80 183,91
	– unrealized	0,00	217 367,68
	2) released provisions (relating to)	0,00	0,00
	3) other, of which:	0,00	0,00

Note 30

Selected financial costs

		01.01.2018 - 31.03.2019	18.11.2016 - 31.12.2017
I.	**Total financial interest costs**	**10 513,15**	**7 623,62**
	1) on credits and loans	2 457,94	3 032,91
	b) to other parties	2 457,94	3 032,91
	2) other interest	8 055,21	4 590,71
	a) to related parties, of which:	0,00	0,00
	b) to other parties	8 055,21	4 590,71
II.	**Total other financial costs**	**528 965,37**	**0,00**
	1) foreign exchange losses	528 965,37	0,00
	– realized	31 497,78	0,00
	– unrealized	497 467,59	0,00
	2) provisions (relating to)	0,00	0,00
	– disposal costs of financial fixed assets	0,00	0,00

Note 31

Prepayments and accruals

		31.03.2019	31.12.2017
Long-term prepaid expenses, of which:		**872 241,26**	**139 234,75**
1.	Deferred income tax assets, of which:	872 241,26	139 234,75
	– from tax losses, by date on which the right to deduct loss expires	786 523,31	59 060,08
	– in the year 2022	59 060,11	59 060,08
	– in the year 2023	727 463,20	0,00
	– from unaccounted tax exempt income and unaccounted tax base reductions	0,00	0,00
	– from other negative temporary differences, of which among others (please list the greatest):	85 717,95	80 174,67
	– unpaid Social Insurance Institution (ZUS),	11 899,79	29 242,00
	– doubtful accounts provision	0,00	35 770,00
	– other	0,00	15 162,67
	– revaluation write downs on deferred income tax assets	53 218,98	0,00
	- unpaid wages and salaries (civil law contracts), time-off provision	20 599,18	0,00
	– revaluation of deferred income tax assets	0,00	0,00
2.	Total difference between the value of received financial assets and the liability due for them:	0,00	0,00
3.	Other	0,00	0,00
	– …	0,00	0,00
Short-term prepayments, of which:		**71 917,44**	**152 317,76**
1.	Personal and property insurance	19 870,97	37 707,56
2.	Rental fees paid in advance	48 312,41	101 450,28
3.	Energy costs paid in advance	2 950,00	11 825,00
4.	Magazine subscriptions	784,06	1 334,92
5.	Annual contribution to Company Social Employee Benefits Fund	0,00	0,00
6.	Costs of preparing and starting new production	0,00	0,00
7.	Total difference between the value of received financial assets and the liability due for them:	0,00	0,00
8.	Excess of costs incurred over costs estimated from unfinished construction contracts	0,00	0,00

	31.03.2019	31.12.2017
9. Excess of revenue estimated over receivables invoiced for construction contracts	0,00	0,00
10. ……………	0,00	0,00
Accruals, of which:	**10 365 118,74**	**10 870 119,00**
1. Badwill	10 346 070,26	10 868 599,00
Opening balance	10 868 599,01	11 147 281,00
b) decreases, of which:	522 528,75	278 682,00
– …	522 528,75	278 682,00
– …	0,00	0,00
2. Other accruals, of which:	19 048,48	0,00
a) long-term, of which:	0,00	0,00
– ...	0,00	0,00
b) short-term, of which:	19 048,48	0,00
– Excess of costs estimated over costs incurred for unfinished construction contracts	0,00	0,00
– write-off debt from WFOŚ	19 048,48	0,00
3. Deferred income, of which:	0,00	1 520,00
a) long-term, of which:	0,00	0,00
– ...	0,00	0,00
b) short-term, of which:	0,00	1 520,00
– Excess of receivables invoiced over revenue estimated from construction contracts	0,00	0,00
– revenue estimated and not invoiced	0,00	0,00
– revenues from prepayment	0,00	1 520,00
4. Rozliczenia międzyokresowe umów budowlanych	0,00	0,00

Note 32
Changes in tangible fixed assets

	Freehold land	Land in perpetual usufruct	Buildings and constructions and separate strata title premises and rights to premises	Plant and equipment	Vehicles	Other fixed assets	Total
Gross opening balance	1 568 581,55	0,00	20 858 864,19	4 669 472,09	328 300,00	299 495,00	27 724 712,83
Increases, of which:	0,00	0,00	0,00	425 791,66	0,00	21 053,37	446 845,03
– acquisition of enterprise	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– acquisition	0,00	0,00	0,00	135 294,42	0,00	7 528,00	142 822,42
– internal transfer	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– other	0,00	0,00	0,00	290 497,24	0,00	13 525,37	304 022,61
Decreases, of which:	0,00	0,00	0,00	283 596,65	0,00	0,00	283 596,65
– liquidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– revaluation	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– disposal	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– internal transfer	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– other	0,00	0,00	0,00	283 596,65	0,00	0,00	283 596,65
Gross closing balance	1 568 581,55	0,00	20 858 864,19	4 811 667,10	328 300,00	320 548,37	27 887 961,21
Accumulated depreciation at beginning of	0,00	0,00	398 980,56	367 368,92	32 041,28	37 840,13	836 230,89
Current depreciation – increases	0,00	0,00	748 088,35	758 124,44	60 077,48	82 074,78	1 648 365,05
Decreases, of which:	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– liquidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– disposal	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– internal transfer	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– other	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Accumulated depreciation at end of period	0,00	0,00	1 147 068,91	1 125 493,36	92 118,76	119 914,91	2 484 595,94
Permanent impairment at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Increases	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Decreases	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Permanent impairment at end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net book value at beginning of period	**1 568 581,55**	**0,00**	**20 459 883,63**	**4 302 103,17**	**296 258,72**	**261 654,87**	**26 888 481,94**
Net book value at end of period	**1 568 581,55**	**0,00**	**19 711 795,28**	**3 686 173,74**	**236 181,24**	**200 633,46**	**25 403 365,27**
Percent used up from opening value (%)	0%	0%	5%	23%	28%	37%	9%

Note 33

Expenses for non-financial fixed assets incurred in the financial year and planned for the coming year

List by planned contractual repayment period	**01.01.2018 - 31.03.2019**	**18.11.2016 - 31.12.2017**
Costs incurred in period,of which:	**315 519,42**	**264 721,72**
Acquisition of intangible fixed assets	4 923,00	0,00
Acquisition of fixed assets, of which:	142 822,42	264 721,72
– for environmental protection	0,00	0,00
Fixed assets under construction, of which:	167 774,00	0,00
– for environmental protection	0,00	0,00
Investments in real estate and rights	0,00	0,00
Costs planned in next period, of which:	**0,00**	**1 958 000,00**
Acquisition of intangible fixed assets	0,00	0,00
Acquisition of fixed assets, of which:	0,00	1 958 000,00
– for environmental protection	0,00	0,00
Fixed assets under construction, of which:	0,00	0,00
– for environmental protection	0,00	0,00
Investments in real estate and rights	0,00	0,00

Note 34

Inventory

	31.03.2019	**31.12.2017**
Raw materials	1 282 263,06	295 337,44
Semi-finished products and work in progress	333 976,63	562 703,59
Finished products	14 302,07	0,00
Goods for resale	0,00	0,00
Advances for deliveries	88 725,51	22 341,13
TOTAL	**1 719 267,27**	**880 382,16**

Note 35

Finance leases at the lessee

Item	**Current value of lease fees payable in the below periods**			
	within 1 year	**from 1 to 3 years**	**from 3 to 5 years**	**in more than 5 years**
	0,00	**0,00**	**0,00**	**0,00**
	0,00	**0,00**	**0,00**	**0,00**
	0,00	**0,00**	**0,00**	**0,00**
	0,00	**0,00**	**0,00**	**0,00**
	0,00	**0,00**	**0,00**	**0,00**

Remarks:
Is not present

Note 36

Ownership of tangible fixed assets

	Freehold land	**Land in perpetual usufruct**	**Buildings and constructions and separate strata title premises and rights to premises**	**Plant and equipment**	**Vehicles**	**Other fixed assets**	**Total**
Tangible fixed assets	1 568 581,55	0,00	19 711 795,28	3 686 173,74	236 181,24	200 633,46	25 403 365,27
Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease	0,00	0,00	0,00	0,00	0,00	0,00	0,00
used based on rental agreements	0,00	0,00	0,00	0,00	0,00	0,00	0,00
used based on tenancy agreements	0,00	0,00	0,00	0,00	0,00	0,00	0,00
used based on lease agreements	0,00	0,00	0,00	0,00	0,00	0,00	0,00
used based on other agreements (specify)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total tangible fixed assets	**1 568 581,55**	**0,00**	**19 711 795,28**	**3 686 173,74**	**236 181,24**	**200 633,46**	**25 403 365,27**

DANSTOKER POLAND SP. ZO.O.

Note 37

Ageing of short-term receivables

	Gross short-term receivables	of which: disputed receivables	Provision for doubtful debts	Net short-term receivables
1. Receivables from related parties	**1 203 339,39**	**0,00**	**0,00**	**1 203 339,39**
a) trade receivables due within 12 months	**1 203 339,39**	**0,00**	**0,00**	**1 203 339,39**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	1 203 339,39	0,00	0,00	1 203 339,39
– current	1 184 538,41	0,00	0,00	1 184 538,41
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	18 800,98	0,00	0,00	18 800,98
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00
b) trade receivables due in more than 12 months	**0,00**	**0,00**	**0,00**	**0,00**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	0,00	0,00	0,00	0,00
– current	0,00	0,00	0,00	0,00
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00
c) other	**0,00**	**0,00**	**0,00**	**0,00**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	0,00	0,00	0,00	0,00
– current	0,00	0,00	0,00	0,00
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00
2. Receivables from other parties	**888 108,17**	**0,00**	**188 265,65**	**699 842,52**
a) trade receivables due within 12 months	**722 719,62**	**0,00**	**188 265,65**	**534 453,97**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	722 719,62	0,00	188 265,65	534 453,97
– current	534 453,97	0,00	0,00	534 453,97
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	188 265,65	0,00	188 265,65	0,00
b) trade receivables due in more than 12 months	**0,00**	**0,00**	**0,00**	**0,00**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	0,00	0,00	0,00	0,00
– current	0,00	0,00	0,00	0,00
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00
c) tax, subsidy and social insurance receivables	**107 226,55**	**0,00**	**0,00**	**107 226,55**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	107 226,55	0,00	0,00	107 226,55
– current	107 226,55	0,00	0,00	107 226,55
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00

	Gross short-term receivables	of which: disputed receivables	Provision for doubtful debts	Net short-term receivables
d) other receivables	**352,00**	**0,00**	**0,00**	**352,00**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	352,00	0,00	0,00	352,00
– current	352,00	0,00	0,00	352,00
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00
e) receivables in court	**57 810,00**	**0,00**	**0,00**	**57 810,00**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	57 810,00	0,00	0,00	57 810,00
– current	57 810,00	0,00	0,00	57 810,00
– overdue by 1 month or less	0,00	0,00	0,00	0,00
– overdue by 1 to 3 months	0,00	0,00	0,00	0,00
– overdue by 3 to 6 months	0,00	0,00	0,00	0,00
– overdue by 6 months to 1 year	0,00	0,00	0,00	0,00
– overdue by more than 1 year	0,00	0,00	0,00	0,00

Note 38

Short-term receivables from related parties (ownership structure)

	Gross short-term receivables	Provision for doubtful debts	Net short-term receivables
1. Trade receivables, of which from:	**1 203 339,39**	**0,00**	**1 203 339,39**
a) subsidiary companies	0,00	0,00	0,00
b) co-subsidiary companies	51 000,98	0,00	51 000,98
c) associated companies	0,00	0,00	0,00
d) significant investor	0,00	0,00	0,00
e) co-subsidiary’s shareholder	0,00	0,00	0,00
f) holding company	1 152 338,41	0,00	1 152 338,41
2. Other, of which from:	**0,00**	**0,00**	**0,00**
a) subsidiary companies	0,00	0,00	0,00
b) co-subsidiary companies	0,00	0,00	0,00
c) associated companies	0,00	0,00	0,00
d) significant investor	0,00	0,00	0,00
e) co-subsidiary’s shareholder	0,00	0,00	0,00
f) holding company	0,00	0,00	0,00
3. In court, of which from:	**0,00**	**0,00**	**0,00**
a) subsidiary companies	0,00	0,00	0,00
b) co-subsidiary companies	0,00	0,00	0,00
c) associated companies	0,00	0,00	0,00
d) significant investor	0,00	0,00	0,00
e) co-subsidiary’s shareholder	0,00	0,00	0,00
f) holding company	0,00	0,00	0,00
Total short-term receivables from related parties	**1 203 339,39**	**0,00**	**1 203 339,39**

Note 39

Short-term receivables (currency structure)

	in PLN	in EUR	Translated from EUR into	in DKK	Translated from DKK into	Short-term receivables in
1. From related parties, of which from:	1 184 538,41	4 371,00	18 800,98	0,00	0,00	1 203 339,39
subsidiaries relating to:	0,00	0,00	0,00	0,00	0,00	0,00
co-subsidiaries relating to:	32 200,00	4 371,00	18 800,98	0,00	0,00	51 000,98
Products and services sale	32 200,00	4 371,00	18 800,98	0,00	0,00	51 000,98
associates relating to:	0,00	0,00	0,00	0,00	0,00	0,00
significant investor relating to:	0,00	0,00	0,00	0,00	0,00	0,00

	in PLN	in EUR	Translated from EUR into	in DKK	Translated from DKK into	Short-term receivables in
co-subsidiary’s shareholder relating to:	0,00	0,00	0,00	0,00	0,00	0,00
holding company relating to:	1 152 338,41	0,00	0,00	0,00	0,00	1 152 338,41
Products and services sale	1 152 338,41	0,00	0,00	0,00	0,00	1 152 338,41
…	0,00	0,00	0,00	0,00	0,00	0,00
2. From other parties relating to:	327 073,92	48 213,34	207 380,05	0,00	0,00	534 453,97
Products and services sale	327 073,92	48 213,34	207 380,05	0,00	0,00	534 453,97
…	0,00	0,00	0,00	0,00	0,00	0,00

Note 40

Long-term liabilities to other entities – ageing

Ageing	**Credits and loans**	**Securities**	**Other financial liabilities**	**Finance leases**	**Other**	**Total**
from 1 to 3 years						
beginning of period	14 257 482,25	0,00	0,00	0,00	0,00	14 257 482,25
end of period	19 702 620,00	0,00	0,00	0,00	0,00	19 702 620,00
from 3 to 5 years						
beginning of period		0,00	0,00	0,00	0,00	0,00
end of period	0,00	0,00	0,00	0,00	0,00	0,00
more than 5 years						
beginning of period	0,00	0,00	0,00	0,00	0,00	0,00
end of period	0,00	0,00	0,00	0,00	0,00	0,00
Total						
beginning of period	14 257 482,25	0,00	0,00	0,00	0,00	14 257 482,25
end of period	19 702 620,00	0,00	0,00	0,00	0,00	19 702 620,00

Note 41

Long-term liabilities (currency structure)

	in PLN	in EUR	Translated from EUR into	w GBP	Po przeliczeniu GBP na PLN	in DKK	Translated from DKK into	Long-term liabilities in
1. To related parties, of which to:	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
subsidiaries relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
co-subsidiaries relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
associates relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
significant investor relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
co-subsidiary’s shareholder relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
holding company relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Loan	0,00	0,00	0,00	0,00	0,00	34 200 000,00	19 702 620,00	19 702 620,00
2. To other parties relating to:	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**

Note 42

Short-term liabilities to holding company

	31.03.2019	**31.12.2017**
1. Credits and loans, of which:	**0,00**	**0,00**
– with a long-term repayment period	0,00	0,00
– debt securities	0,00	0,00
– dividends	0,00	0,00
2. Other financial liabilities, of which:	**0,00**	**0,00**
3. Trade payables, with due dates:	**88 601,44**	**1 048 776,31**
– within 12 months	88 601,44	1 048 776,31
– in more than 12 months	0,00	0,00
4. Advances received on deliveries	**0,00**	**0,00**
5. Promissory notes	**0,00**	**0,00**
Total	**88 601,44**	**1 048 776,31**

Note 43

Short-term liabilities to other companies

	31.03.2019	31.12.2017
1. Credits and loans, of which:	**67,30**	**113 867,00**
– with a long-term repayment period	67,30	113 867,00
– debt securities	0,00	0,00
– dividends	0,00	0,00
2. Other financial liabilities, of which:	**0,00**	**158 512,98**
– related to finance leasing	0,00	158 512,98
3. Trade payables, with due dates:	**832 811,20**	**403 254,41**
– within 12 months	832 811,20	403 254,41
– in more than 12 months	0,00	0,00
4. Related to taxes, duties, social insurance and health benefits and	**527 626,46**	**469 098,90**
5. Promissory notes	**0,00**	**0,00**
6. Liabilities to the state or local budget in connection with obtaining ownership title to buildings and constructions	**413 535,17**	**313 801,57**
7. Other	**169 932,58**	**13 926,95**
Total	**1 943 972,71**	**1 472 461,81**

Note 44

Short-term liabilities (currency structure)

	in PLN	in EUR	Translated from EUR	in DKK	Translated from DKK	Long-term liabilities in
1. To related parties, of which to:	**256 375,44**	**115 891,00**	**498 481,96**	**0,00**	**0,00**	**754 857,40**
subsidiaries relating to:	256 375,44	115 891,00	498 481,96	0,00	0,00	754 857,40
Trade liabilities	256 375,44	115 891,00	498 481,96	0,00	0,00	754 857,40
2. To other parties relating to:	**637 513,30**	**0,00**	**0,00**	**339 000,00**	**195 297,90**	**832 811,20**
Trade liabilities	637 513,30	0,00	0,00	339 000,00	195 297,90	832 811,20

Note 45

Short-term liabilities relating to credits and loans

Entity name	Entity registered office	Amount of credit/ loan as per agreement in foreign currency	Amount of credit/ loan as per agreement in PLN	Outstanding amount of credit/loan in foreign currency	Outstanding amount of credit/loan in PLN	Interest terms	Repayment date	Collateral	Other information, including on failure to repay the credit or loan, or on breaches of significant credit or loan agreement terms, with regard to which no remedial action was taken before the end of the reporting period
mBank Warszawa	ul. Królewska 14, 00-950 Warszawa	0,00	0,00	0,00	67,30		25.04.2019		
Razem		0,00	0,00	0,00	67,30				

Note 46

Changes in intangible fixed assets

	Costs of completed research and development	Goodwill	Copy rights, neighboring rights, licenses and permits	Rights to inventions, patents,	Computer software	Other, including know-how	Total
Gross opening balance	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Increases, of which:	0,00	0,00	0,00	0,00	4 923,00	0,00	4 923,00
– acquisition	0,00	0,00	0,00	0,00	4 923,00	0,00	4 923,00
– internal transfer	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– other	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Decreases	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Gross closing balance	0,00	0,00	0,00	0,00	4 923,00	0,00	4 923,00
Accumulated amortization at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Current amortization – increases	0,00	0,00	0,00	0,00	1 435,91	0,00	1 435,91
Accumulated amortization – decreases	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total accumulated amortization at end of period	**0,00**	**0,00**	**0,00**	**0,00**	**1 435,91**	**0,00**	**1 435,91**

DANSTOKER POLAND SP. ZO.O.

	Costs of completed research and development	Goodwill	Copy rights, neighboring rights, licenses and permits	Rights to inventions, patents,	Computer software	Other, including know-how	Total
Permanent impairment at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Permanent impairment at end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net book value at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net book value at end of period	0,00	0,00	0,00	0,00	3 487,09	0,00	3 487,09
Percent used up from opening value (%)	0,00	0,00	0,00	0,00	0,29	0,00	0,29

Note 47

Cost of fixed assets under construction, including interest and foreign exchange differences that increase the cost of fixed assets

	31.03.2019	31.12.2017
Cost of fixed assets under construction excluding interest and foreign exchange differences	0,00	0,00
Interest in the financial year increasing the cost of fixed assets under construction	0,00	0,00
Foreign exchange differences in the financial year increasing the cost of fixed assets under construction	0,00	0,00
Purchase of fixed assets under construction	167 774,00	0,00
TOTAL	**167 774,00**	**0,00**

Note 48

Special funds

	31.03.2019	31.12.2017
Social fund	31 719,05	1 449,07
Company fund for the rehabilitation of the	0,00	0,00
Housing cooperative repair and renovation fund	0,00	0,00
…	0,00	0,00
Total	**31 719,05**	**1 449,07**

Note 49

Cost settlement data

	31.03.2019	31.12.2017
I. Changes in settled costs +/-	**0,00**	**0,00**
1. Relating to inventory differences	0,00	0,00
2. Written off discontinued production	0,00	0,00
3. Write off of costs with no economic effect	0,00	0,00
4. Other	0,00	0,00
II. Change in inventory, finished products and accrued costs +/-	**348 278,70**	**562 703,59**
1. Finished products	14 302,07	9 620,68
2. Semi-finished products and work in progress	333 976,63	553 082,91
3. Accrued costs	0,00	0,00
III. Cost of goods sold	**22 725 511,59**	**8 841 576,77**
– cost of finished products sold	11 517 076,62	972 291,84
– cost of producing goods for the entity’s own needs	35 544,17	1 775,33
– sales costs	2 500 878,27	389 440,88
– general administrative costs	8 672 012,53	7 478 068,72
IV. Cost of goods for resale and raw materials sold	**354 225,99**	**2 184,00**

NOTES

NOTES

THERMAX

Sustainable Solutions
in Energy & Environment