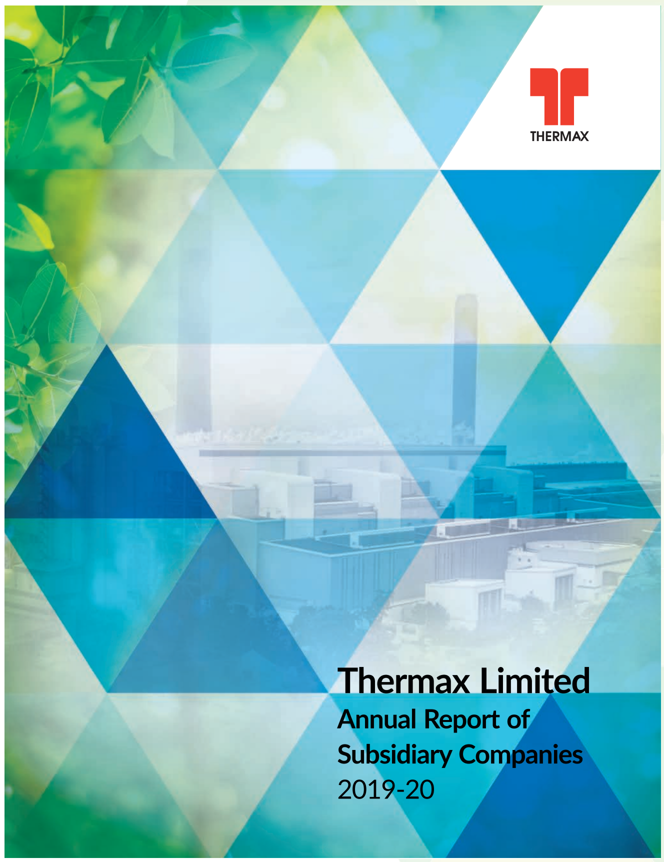
Thermax Limited

Annual Report of Subsidiary Companies

2019-20



About the Cover

At a time when global warming, climate change and depleting natural resources present the gravest threats to life on our planet, sustainable living–meeting our present needs without compromising the needs of future generations–is non-negotiable. Striking the right balance between growth and environment, while rethinking the way we engage with stakeholders, has become more important for organisations than ever to ensure equitable development and inclusive progress.

SUBSIDIARIES

DOMESTIC

OVERSEAS

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors
Ravinder Advani
Pravin Karve
Rajendran Arunachalam

Registered Office
Thermax House
14, Mumbai-Pune Road, Wakdewadi,
Pune - 411 003

Auditors
SRBC & CO. LLP. Chartered Accountants
C-401, 4th Floor, Panchshil Tech Park,
Near Don Bosco School, Yerwada,
Pune - 411 004

Chief Executive Officer
Upsen Umale

Corporate Office
Energy House, D-II Block,
Plot No. 38 & 39
MIDC Chinchwad
Pune - 411 009

Bankers
HDFC Bank Limited
Union Bank of India
State Bank of India
ICICI Bank Limited

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty-ninth Annual Report of the Company for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	**2019-20**	2018-19
Total Income	**3327.07**	4851.20
Profit before depreciation	**743.42**	321.04
Depreciation	**9.51**	9.51
Profit before tax	**733.91**	311.53
Provision for taxation including deferred tax	**99.12**	277.59
Profit after tax	**634.79**	33.94

State of Company's affairs

For the year under review, the Company's total income is Rs. 3327.07 lakh compared to Rs. 4851.20 lakh in the previous year. The Company's profit before tax is Rs. 733.91 lakh (previous year, Rs. 311.53 lakh) and profit after tax of Rs. 634.79 lakh (previous year Rs. 33.94 lakh).

The Company has order balance of Rs.947 lakhs as on March 31, 2020 which is lower than the previous order balance of Rs.2201 lakhs due to change in business profile as well as lower order transfer from holding and associate companies. Higher profit is due to write back of ECL provisions of Rs 450 lakh as amount collected from the customer & closure of certain long pending extra claims with client.

COVID-19

In the last month of the financial year, the world suffered through an exponential surge in the Covid-19 cases, forcing the Government to impose national lockdown in India. For the company, safety of employees is paramount. The company is taking lot of efforts to support its customers during this crisis. The spread of this virus has compelled your Company to revisit its ways of working and initiate working from home.

Material changes affecting financial position of the Company

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

Health and Safety

Health and Safety at project sites is of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish world class safety practices at sites. Safety culture is inculcated as part of day to day operations by site managers. During the year, 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 appreciation from RIL.

Dividend

Considering decrease in the revenue from operations 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.

Subsidiaries

Thermax Engineering Construction FZE (TEC FZE) Nigeria is primarily catering to the Erection & Commissioning and supervision of HRSG, Utility boilers, Flue gas coolers and Construction & commissioning of Hot Oil heater supplied to Dangote Petroleum Refinery and Petrochemical Free Zone Enterprise and Dangote Oil Refinery Co. Ltd., Lagos Nigeria. TEC FZE started its operation in October 2019. For the year ended March 31, 2020 TEC FZE has recorded operation revenue of USD 8,45,494 with operating profit excluding tax of USD 6,26,264.

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

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

During the year, Mr. Amitabha Mukhopadhyay resigned from the office of Director w.e.f. May 31, 2019 and Mr. Rajendran Arunachalam has been appointed as Director of the Company w.e.f. July 27, 2019.

The Company received resignation from Mr. Ajay Joshi and Mr. Ashok Joshi, Directors of the Company w.e.f. January 15, 2020.

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.

Board Meetings

The Board met four times on May 8, 2019, August 1, 2019, November 5, 2019 and January 28, 2020 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 three times during the year on May 8, 2019, August 1, 2019 and November 5, 2019. Pursuant to Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is not covered in the class of companies required to form Audit Committee of its Board. Therefore, the Company dissolved its Audit Committee w.e.f. January 28, 2020.

Nomination and Remuneration Committee

Pursuant to Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is not covered in the class of companies required to form Nomination and Remuneration Committee of its Board. Therefore, the Company dissolved its Nomination and Remuneration Committee w.e.f. January 28, 2020.

Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility (CSR) Committee. During the year, CSR Committee was re-constituted w.e.f comprising of members namely Mr. Rajendran Arunachalam (Chairman), Mr. Pravin Karve and Mr. Ravinder Advani.

The Committee met once during the year on January 28, 2020, where all the members were present.

As part of its initiatives under CSR, the Company has donated Rs. 13.88 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.

The Board of Directors at its meeting held on June 15, 2020 has recommended appointment of M/s. SRBC & Co. LLP as the Statutory Auditors of the Company for further term of 1 year for the approval of the shareholders of the Company.

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

The auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

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

	Rajendran Arunachalam	**Pravin Karve**
	Director	Director
Pune, June 15, 2020	DIN: 08446343	DIN:06714708

ANNEXURE 1

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

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

(1) Criteria for selection and appointment of Directors:

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

(b) While selecting a Director, 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.**

   During the year, CSR Committee was re-constituted w.e.f. January 28, 2020 comprises as follows:

   1. Mr. Rajendran Arunachalam (Chairman)
   2. Mr. Pravin Karve
   3. Mr. Ravinder Advani

3. **Average net profit of the Company for last three financial year**

   The average net profit of the Company for the last three financial years is Rs. 694 lakh.

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

   Prescribed CSR Expenditure is Rs. 13.87 lakh (2% of Rs. 694 lakh). Amount contributed to Thermax Foundation is Rs. 13.88 lakh.

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

   a) Total amount donated: Rs13.87 lakh

   b) Total amount to be spent for the financial year: Rs. 13.88 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 31, 2020. 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
(CEO)

Rajendran Arunachalam
(Chairman of the CSR Committee)
DIN: 08446343

ANNEXURE 3

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[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, Kamla 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 0192.	L29299PN1980PLC022787	Holding	100	2(46)
2	Thermax Engineering Construction FZE Dangote Industries, Free Zone Development Company, LFZ, Lekki Coastal Road, LBEJU, Lekki, Lagos, 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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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**

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
(2)	**Foreign**	–	–	–	–	–	–	–	–	
a)	NRIs Individuals	–	–	–	–	–	–	–	–	–
b)	Other – Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
d)	Banks/ FI	-	–	–	–	–	–	–	–	–
	Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1)+(A)(2)		**4499940**	**–**	**4499940**	**100**	**–**	**4499940**	**4499940**	**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	–	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					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)	**4499940**	**60**	**4500000**	**100**	**–**	**4500000**	**4500000**	**100**	**0**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		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**	**4499940**	**100**	**NIL**	**4499940**	**100**	**NIL**	**NIL**
	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 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
		No. of Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% change in share holding during the year
	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				

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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the company				No. of shares	% of total shares of the company
1	Ravinder Advani	10	0	–-	–-	–-	10	0

V. INDEBTEDNESS

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

(Amount in Rs. lakh)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)					
i)	Principal Amount	0	750	0	750
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**
	Change in indebtedness during the financial year				
	Addition	0	0	0	0
	Reduction	0	768.93	0	768.93
	Net Change	**0**	**768.93**	**0**	**768.93**
Indebtedness at the end of the financial year (31.03.2020)					
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 Rs. lakh)

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

B. Remuneration to other directors:

(Amount in Rs. lakh)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	**Ajay Joshi**	**Ashok K. Joshi**	–	**–**
	Fee for attending board / committee meetings	2.1	2.1	–	4.2
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total(1)	**2.1**	**2.1**	**–**	**4.2**
2.	Other Non-Executive Directors	**Rajendran Arunachalam**	**Pravin Karve**	**Ravinder Advani**	
	Fee for attending board / Committee meetings	NIL			
	Commission				
	Others, please specify				
	Rent for Premises				
	Security Deposit for Lease Premises				
	Total(2)				
	Total(B)=(1+2)				
	Total Managerial (A+B)				
	Remuneration				
	Overall 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	42.45
(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	0.21
(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	**42.67**

iv) Penalties /Punishment/ compounding of offences:

Sl. no.	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give Details)
a)	Company					
	Penalty					
	Punishment					
	Compounding					
b)	Directors					
	Penalty			NIL		
	Punishment					
	Compounding					
c)	Other Officers in Default					
	Penalty					
	Punishment					
	Compounding					

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

Place: Pune

Date: June 15, 2020

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

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 2020, 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, 2020, 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 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.

Emphasis of Matter

We draw attention to Note 31 of the accompanying Ind AS financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of the accounts receivables as at March 31, 2020 and the operations of the Company.

Our opinion is not modified in respect of this matter

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 standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the accompanying standalone 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 standalone 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.

Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the 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)(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 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) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;

(f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 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 standalone Ind AS financial statements – Refer Note 25 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 25 to the standalone Ind AS financial statements. The company did not enter into any derivate 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABH1812

Place of Signature: Pune
Date: June 15, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Thermax Engineering Construction Company Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3 (i) (c) of the Order are not applicable to the Company.

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

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service 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, 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.

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

Name of the statute	Nature of the dues (including interest and penalty as applicable)	Amount (Rs. in Lakhs)^	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Disallowance of expenditure	29.00	AY 2017-18	Commissioner of Income Tax (Appeals)
The Central Sales Tax, 1956	Non submission of various declaration forms	13.36	FY 2015-16	Deputy Commercial Tax Officer
Telangana Value Added Tax Act, 2005	Disallowance of input tax credit	2.06	FY 2011-12 to 2013-14	Deputy Commissioner, Department of Commercial Taxes
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	582.33 (Net of Rs. 110.36 paid under protest)	FY 2008-09 to 2015-16	Custom, Excise and Service Tax Appellate Tribunal
	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	20.04	FY 2012-13	Assessing Officer

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

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

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

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

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

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABH1812

Place of Signature: Pune
Date: June 15, 2020

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, 2020 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 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, 2020, 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABH1812

Place of Signature: Pune
Date: June 15, 2020

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Balance Sheet as at March 31, 2020

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
I. Non-current assets			
Property, plant and equipment	3	1.20	14.57
Investment in Subsidiary	11	–	–
Financial assets			
Other financial assets	6 (a)	3.47	3.47
Deferred tax assets (net)	7 (b)	–	–
Income-tax assets (net)		1,550.41	1,548.43
Other non-current assets	8 (a)	726.89	469.23
Total non-current assets		**2,281.97**	**2,035.70**
II. Current assets			
Financial assets			
(a) Trade receivables	4	1,298.74	3,137.19
(b) Cash and cash equivalents	9 (a)	1,168.63	321.11
(c) Loans	5	3.57	23.39
(d) Other financial assets	6 (b)	325.94	457.60
Other current assets	8 (b)	154.40	619.57
Total current assets		**2,951.28**	**4,558.86**
Total assets		**5,233.25**	**6,594.56**
Equity and liabilities			
I. Equity			
Equity share capital	10A	450.00	450.00
Other equity	10B	3,516.08	2,877.19
Total equity		**3,966.08**	**3,327.19**
II. Current liabilities			
Financial liabilities			
(a) Borrowings	12	–	750.00
(b) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	13	23.76	2.08
- total outstanding dues of creditors other than micro enterprises	13	900.18	1,914.60
(c) Other financial liabilities	14	32.32	100.07
Other current liabilities	16	167.90	328.78
Provisions	15	85.55	77.63
Income tax liabilities (net)		57.46	94.21
Total current liabilities		**1,267.17**	**3,267.37**
Total equity and liabilities		**5,233.25**	**6,594.56**
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 Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: June 15, 2020

Upsen Umale
Chief Executive Officer

Statement of profit and loss for the year ended March 31, 2020

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

Particulars	Note	March 31, 2020	March 31, 2019
Income			
Revenue from operations	17	3,082.71	4,711.52
Other income	18	244.36	139.68
Total Income		**3,327.07**	**4,851.20**
Expenses			
Employee benefits expense	19	202.49	504.07
Finance cost	20	27.97	34.77
Depreciation expense	21	9.51	9.51
Other expenses	22	2,353.19	3,991.32
Total expenses		**2,593.16**	**4,539.67**
Profit before tax		**733.91**	**311.53**
Tax expense			
Current tax	7 (a)	99.12	223.30
Tax for earlier years		–	54.29
Deferred tax	7 (b)	–	–
Total tax expense		**99.12**	**277.59**
Profit for the year		**634.79**	**33.94**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		4.10	0.21
Less: Income tax effect	7 (a)	–	–
		4.10	0.21
Net other comprehensive income for the year, net of tax.		**4.10**	**0.21**
Total comprehensive income for the year		**638.89**	**34.15**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2019: 10/-)] Basic and Diluted	24	**14.11**	**0.75**
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 Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: June 15, 2020

Upsen Umale
Chief Executive Officer

Cash flow statement for the year ended March 31, 2020

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

Particulars	Note	March 31, 2020	March 31, 2019
A) Cash flows from operating activities			
Profit before tax		733.91	311.53
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment	21	9.51	9.51
Provision for impairment allowance of financial assets (net)	22	(464.56)	466.02
Finance costs	20	27.97	34.77
Bad debts written off	22	0.70	60.07
(Profit) on sale/discard of assets (net)	18	(6.80)	(38.73)
Interest income	18	(22.73)	(36.97)
Liabilities no longer required written back	18	(214.83)	(63.98)
Working capital adjustments			
Decrease in Trade Receivables	4	2,302.31	867.75
Decrease in Loans and Other financial assets	5 & 6	156.99	770.64
Decrease in Other assets	8	207.51	46.34
(Decrease) in Trade payables	13	(777.91)	(1,197.54)
Increase / (Decrease) in Provisions	15	12.02	(243.84)
(Decrease) in Other financial liabilities	14	(50.72)	(163.63)
(Decrease) in Other liabilities	16	(160.88)	(1,251.96)
Cash generated from / (used in) operations		**1,752.49**	**(430.02)**
Direct taxes paid (net of refunds received)		(137.85)	537.73
Net cash inflow from operating activities		**1,614.64**	**107.71**
B) Cash flows from investing activities			
Sale of property, plant and equipment		10.66	48.02
Purchase of property, plant and equipment	3	–	(0.85)
Interest received		17.22	36.83
Net cash flows from investing activities		**27.88**	**84.00**
C) Cash flows from financing activities			
Borrowings taken during the year	12	–	900.00
Borrowings repaid during the year	12	(750.00)	(300.00)
Dividend Paid	–	–	1,205.34
Interest paid	20	(45.00)	(34.77)
Net cash flows used in financing activities		**(795.00)**	**(640.11)**
Net increase / (decrease) in cash and cash equivalents		847.52	(448.40)
Cash and cash equivalents at the beginning of the year	9 (a)	321.11	769.51
Cash and cash equivalents at the end of the year		**1,168.63**	**321.11**

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

	Note	March 31, 2020	March 31, 2019
Cash and cash equivalents	9 (a)	1,168.63	321.11
Balances as per Cash flow statement		**1,168.63**	**321.11**

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

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: June 15, 2020

Upsen Umale
Chief Executive Officer

Statement of changes in Equity for the year ended March 31, 2020

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

A EQUITY SHARE CAPITAL

Particulars	Notes	March 31, 2020	March 31, 2019
Balance at the beginning of the year	10	450.00	450.00
Changes in equity shares capital during the year	10	–	–
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, 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**
Profit for the year	–	634.79	634.79
Other Comprehensive Income	–	4.10	4.10
As at March 31, 2020	**525.21**	**2,990.87**	**3,516.08**

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 Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: June 15, 2020

Upsen Umale
Chief Executive Officer

1. Corporate information

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

The address of the registered office is Thermax House, 14, Mumbai –Pune Highway, Wakdewadi, Pune, 411001.The Board of Directors have authorized to issue by these separate financial statements on , 2020.

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 116 w.e.f. April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 116 was issued on March 30, 2019 and mainly supersedes Ind AS 17 Lease. The Company used the practical expedient available in the transition to Ind AS 116 so as not to reassess whether a contract is or contains a lease, Therefore, the lease definition set out in Ind AS 17 remained applicable to leases contracted or modified prior to April 1, 2019. The lease definition changes mainly relate to the concept of control, IND AS 116 distinguishes leases and service contracts on the basis of whether as identified asset is controlled by the customer. Control if the customer has:

The right to obtain substantially all of economic benefits from use of an identified asset.

The right to control the use of an identified assets.

The Company applied the lease definition and related guidance described in Ind AS 116 to all lease agreements entered or modified on or after April 1, 2019.

On transition to Ind AS 116, the Company has elected to adopt the new leases standard as per modified retrospective approach. Consequently, the Company recorded the lease liability at the value of future lease payment and right of use of asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2019. The comparative financial statements for year ended March 31, 2019 are therefore not restated under this approach.

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

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

Notes to financial statements for the year ended March 31, 2020

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

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. 28)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Property, Plant and Equipment

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

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

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

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains of losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the PPE is derecognized.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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

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

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

* Includes site infrastructure which is fully depreciated.

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

e. Intangible assets

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

f. Revenue recognition

Revenue 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 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 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 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.

COVID 19 impact on Revenue recognition

The company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties relating to revenue in future period

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 of the financial asset. For all subsequent measurements financial assets are classified in following categories:

Debt instruments

Debt instruments at amortised cost: The debt instrument is at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Notes to financial statements for the year ended March 31, 2020

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

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

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

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

De- recognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either

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

b) Has transferred control of the asset.

Impairment of financial assets

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

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

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

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

- Trade receivables or contract revenue receivables; and

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

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

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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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

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

COVID 19 impact on Impairment of financial assets

Credit Risk exposure: -

The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates.

Expected Credit Loss:-

While calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Financial liabilities

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

Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of profit or loss.

h. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i. Share capital

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

j. Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

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

k. Borrowing costs

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

l. Leases

Company as a lessee

The Company lease asset classes primarily consist of leases for land, buildings and office equipments. The Company assesses whether a contract contains a lease, at in caption of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at value of the future lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non lease components.

Notes to financial statements for the year ended March 31, 2020

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

m. Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

n. Provisions

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

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

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

o. Retirement and other employee benefits

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

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

- 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 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.

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 filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Constructions contracts:

- Provisions for liquidated damages claims (LDs): the Company provides for LD claims where there have been significant contract delays and it is considered probable that the customer will successfully pursue such a claim. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgements and assumptions regarding the amounts to recognize.

- Project cost to complete estimates: at each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs and estimated earnings and accrued contract expenses.

- Recognition of contract variations: the Company recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- Onerous contract provisions: the Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. INR 24.48 was outstanding as at March 31, 2020 (March 31, 2019 INR 53.95) (Note no.15)

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.

Notes to financial statements for the year ended March 31, 2020

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

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 26.

iv. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables for its Indian operations. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Company estimates a default rate of 0.2% of total revenue for trade receivables and 0.5% of contract revenue for contract receivables. The Company follows provisioning norms based on ageing of receivables to estimate the ECL provision. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period ranging upto 8 and 10 years respectively. Refer note 2(g) for further details.

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

The Company determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2(d) above for further details.

vi. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income change or if changes in current tax regulations are enacted. Refer note 7(b) for further details.

3 Property, plant and equipment

Particulars	Plant and equipment	Office equipment	Computer	Vehicles	Total
Gross carrying amount* As at April 01, 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
Additions	–	–	–	–	–
Disposals	(50.04)	(0.95)	(8.44)	(19.97)	(79.40)
As at March 31, 2020	183.55	7.50	25.39	45.38	261.82
Accumulated depreciation*					
As at April 01, 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
Charge for the year	8.29	–	1.22	–	9.51
Disposals/Adjustments	(46.63)	(0.95)	(7.99)	(19.97)	(75.54)
As at March 31, 2020	183.55	7.50	24.19	45.38	260.62
Net book value					
As at March 31, 2019	11.70	–	2.87	–	14.57
As at March 31, 2020	–	–	1.20	–	1.20

*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 above, for information purpose only. The total accumulated depreciation / amortisation as at April 1, 2015 was Rs. 550.38.

4 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Trade receivables		
Receivables from related parties (refer note 27)	365.86	504.74
Others	1,422.26	3,586.39
Total receivables	**1,788.12**	**4,091.13**
Break-up of security details		
Secured, considered good	–	–
Unsecured, considered good	1,298.74	3,137.19
Trade receivables which have a significant increase in credit risk	489.38	953.94
Trade receivables - credit impaired	–	–
	1,788.12	**4,091.13**
Less: Impairment allowance (including provision for bad and doubtful debts)	489.38	953.94
Total	**1,298.74**	**3,137.19**

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. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

For terms and conditions relating to related party receivables, refer note 27.

Notes to financial statements for the year ended March 31, 2020

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

5 Current loans

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Unsecured, considered good		
Loans to staff and workers	1.99	2.45
Security deposits*	1.58	20.94
Total	**3.57**	**23.39**

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.

6 Other financial assets

(a) Other non current financial assets

Particulars	March 31, 2020	March 31, 2019
At amortised cost		
Bank deposits with maturity of more than 12 months^^	3.47	3.47
Total	**3.47**	**3.47**

^^Above bank deposits are pledged as margin money.

(b) Other current financial assets

Particulars	March 31, 2020	March 31, 2019
At amortised cost		
Interest accrued on fixed deposits	6.19	0.68
Bank deposits with maturity of less than 12 months	250.00	–
Contract Assets		
- Unbilled revenue (refer note 17)	69.75	456.92
Total	325.94	457.60

7(a) Income Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss

Particulars	As at March 31, 2020	As at March 31, 2019
Current income tax charge		
Current income tax	99.12	223.30
Adjustments in respect of current income tax of previous year	–	54.29
Deferred tax		
Relating to origination and reversal of temporary differences	–	–
Income tax expense reported in the Statement of profit and loss	**99.12**	**277.59**

Other comprehensive income

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax related to items recognised in OCI during the year	–	–
Net gain or loss on remeasurements of defined benefit plans	–	–
Income tax charged/(credited) to OCI	**–**	**–**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

Particulars	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax	733.91	311.53
At India's statutory income tax rate of 25.17 % (March 31, 2019: 27.82%)	184.73	86.67
Effects of non-deductible business expenses	1.75	5.48
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
Utilisation of previously unrecognized tax benefits	(160.90)	–
Other differences - Difference between book base and tax base for various items	73.54	99.07
At the effective tax rate of 13.51% (March 31, 2019: 89.10%)	99.12	277.59
Income tax expense reported in the statement of profit or loss	**99.12**	**277.59**

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year basis the rate prescribed in the said section.

7(b) Deferred tax

Statement of profit & loss/ other comprehensive income

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax relates to the following :		
Derecognition of deferred tax assets in absence of future taxable profits	–	–
Deferred tax expense/ (income)	**–**	**–**

The deferred tax assets which have not been recognised is as below:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax asset on		
Statutory dues deductible on payment under section 43B of Income-tax Act, 1961	7.62	30.24
Provision for doubtful debts, liquidated damages and other provisions	123.68	285.47
Difference in written down values of PPE and intangible assets	50.33	62.81
Others	35.99	–
Total	**217.62**	**378.52**

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

Notes to financial statements for the year ended March 31, 2020

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

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	–	
Tax (expense)/ income during the period recognised in profit or loss	–	–
Tax (expense)/ income during the period recognised in OCI	–	–
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.

8 Other assets

(a) Other non current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured considered good		
Sales tax recoverable	–	53.57
Balances with government authorities	726.89	415.66
Total	**726.89**	**469.23**

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

(b) Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured considered good		
Advances to suppliers	0.18	18.60
Advances to staff and workers	2.42	3.67
Prepaid expenses	0.68	1.36
Balances with government authorities	51.69	404.46
Others*	99.43	191.48
Total	**154.40**	**619.57**

* 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.

9(a) Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Cash and cash equivalents		
Balances with banks		
- on current accounts	264.09	321.11
- in deposits with original maturity of less than three months	904.54	–
Total	**1,168.63**	**321.11**

(b) Changes in liabilities arising from financing activities

Particulars	Borrowings	Accrued interest on borrowings
As at April 1, 2019	750.00	**17.03**
Cash flow	**(750.00)**	**27.97**
Others	–	–
As at March 31, 2020	**–**	**–**

10A Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized shares (Nos)		
10,000,000 (March 31, 2019: 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, 2019: 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

	No. of Shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
As at April 1, 2018	4,500,000
Changes during the period	–
As at March 31, 2019	4,500,000
Changes during the period	–
As at March 31, 2020	**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, 2020	As at March 31, 2019
Thermax Limited		
4,500,000 (March 31, 2019: 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

	Thermax limited
As at March 31, 2020	
%	100.00
No. of shares	4,500,000
As at March 31, 2019	
%	100.00
No. of shares	4,500,000

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

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.

10B Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve	525.21	525.21
Retained earnings		
Opening balance	2,351.98	3,523.38
Add: Profit for the year	634.79	33.94
Less: Dividends paid	–	1,000.00
Less: Tax on dividend	–	205.55
Total appropriations	–	(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 2019 - benefit Rs.(0.21)}	4.10	0.21
Net surplus in the statement of profit and loss	**2,990.87**	**2,351.98**
Total	**3,516.08**	**2,877.19**

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.

11 Investment in Subsidiary

Particulars	Face value	As at March 31, 2020	As at March 31, 2019
Investments in equity instruments at cost (Fully paid)			
Thermax Engineering Construction Company, FZE			
Number of Shares	USD 1	–	–
Total value of Investment		–	–

The Company has formed a subsidiary in Nigeria for the management and supervision of the installation, commissioning and testing of boilers and heaters, in respect of the petroleum refinery and polypropylene plant for Dangote group, being constructed in Lekki Free Trade Zone, Nigeria (LFTZ). The Company has not made any investment in the subsidiary via subscription of shares as on the balance sheet date.

12 Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Current borrowings		
Unsecured		
From Related Party (refer note 27)	–	750.00
Total	**–**	**750.00**
Aggregate secured loans	**–**	**–**
Aggregate unsecured loans	–	750.00

Current borrowings

The unsecured loan was taken from Thermax Limited (Holding company) at the interest rate of 10.05% p.a. and has been repaid in the current year.

13 Trade payables

Current trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	23.76	2.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 27)	315.43	534.20
(ii) Others	584.75	1,380.40
Sub-total	900.18	1,914.60
Total	**923.94**	**1,916.68**

Trade payables are non-interest bearing and are normally settled between 3 to 12 Months

For terms and conditions with related parties, refer note 27.

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

	March 31, 2020	March 31, 2019
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	23.76	2.08
-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 current financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Interest accrued but not due on loans (refer note 27)	**–**	**17.03**
Employee related payables	32.32	83.04
Total	32.32	100.07

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

15 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for leave encashment	11.07	23.68
	11.07	**23.68**
Other provisions		
Provision for onerous contracts	24.48	53.95
Provision for customer claim	50.00	–
	74.48	53.95
Total	**85.55**	**77.63**

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.

16 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Unearned revenue (refer note 17)	116.42	**233.46**
Customer advance	29.17	66.25
Statutory dues and other liabilities*	22.31	29.07
Total	**167.90**	**328.78**

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

17 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2020	March 31, 2019
Revenue from services	3,081.97	4,711.16
Total revenue from contracts with customers	**3,081.97**	**4,711.16**

(b) Other operating income

	March 31, 2020	March 31, 2019
Sale of Scrap	0.74	–
Net Exchange fluctuation gain / (loss)	–	0.36
	0.74	0.36
Total	**3082.71**	**4,711.52**

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

i) Revenue by contract type

	March 31, 2020	March 31, 2019
Over a period of time basis	1,273.64	4,691.12
At a point-in-time basis	1,808.33	20.04
Total revenue from contracts with customer	**3,081.97**	**4,711.16**

Revenue by geographical market

	March 31, 2020	March 31, 2019
Within India	3,081.97	4,711.16
Outside India	–	–
Total revenue from contracts with customer	**3,081.97**	**4,711.16**

ii) Contract balances

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

	March 31, 2020	March 31, 2019
Trade receivables	1,298.74	3,137.19
Unbilled revenue (Contract asset)	69.75	456.92
Unearned revenue (Contract liability)	116.42	233.46
Customer advances (Contract liability)	29.17	66.25

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

	March 31, 2020	March 31, 2019
Unearned revenue	199.78	1,229.50
Customer advance	1.38	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

	March 31, 2020	March 31, 2019
Opening unbilled revenue (refer note 6(b))	456.92	1,202.69
Opening unearned revenue (refer note 16)	233.46	1,331.50
- Transfer of contract assets to receivable from opening unbilled revenue	330.24	930.02
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	199.78	1,229.50
- Transfer of contract assets to receivable	2,992.91	3,359.41
- Increase in revenue as a result of changes in the measure of progress	2,882.19	3,481.66
- Others*	28.95	69.46
Closing unbilled revenue (refer note 6(b))	69.75	456.92
Closing unearned revenue (refer note 16)	116.42	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.

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

Remaining performance obligations

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

	March 31, 2020	March 31, 2019
Amount of revenue yet to be recognised for contracts in progress	947.26	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 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.

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future period.

18 Other income

Particulars	March 31, 2020	March 31, 2019
Profit on sale of asset	6.80	38.73
Liabilities no longer required written back	16.53	1.90
Interest income	22.73	36.97
Miscellaneous income (including vendor settlements of ₹ 128.63 (March 31, 2019: ₹ 33.40)	198.30	62.08
Total	**244.36**	**139.68**

19 Employee benefits expense

Particulars	March 31, 2020	March 31, 2019
Salaries, wages and bonus	178.41	403.37
Contribution to provident and other funds	15.59	59.60
Gratuity expense (refer note 26)	(7.50)	0.51
Staff welfare expenses	15.99	40.59
Total	**202.49**	**504.07**

20 Finance costs

Particulars	March 31, 2020	March 31, 2019
Interest expense	27.97	34.77
Total	**27.97**	**34.77**

21 Depreciation expense

Particulars	March 31, 2020	March 31, 2019
Depreciation on property, plant & equipment (refer note 3)	9.51	9.51
Total	**9.51**	**9.51**

22 Other expenses

Particulars	March 31, 2020	March 31, 2019
Power and fuel	–	5.81
Rent (refer note 25B)	35.99	109.29
Site expenses and contract labour charges	134.21	132.26
Erection & commissioning expenses	2,374.72	2,891.12
Advertisement and sales promotion	0.21	1.01
Rates and taxes	73.31	26.35
Insurance	6.98	2.35
Repairs and maintenance		
Building	2.31	2.58
Others	0.29	9.01
Travelling and conveyance	58.80	131.82
Legal and professional fees	32.96	51.54
Audit fees (refer note 23(b))	6.74	8.36
Director’s sitting fees (refer note 27)	4.20	6.80
Corporate cost allocation (refer note 27)	20.00	14.00
Bad debts/ advances written off	0.70	60.07
(Reversal of) / provision for impairment allowance of financial assets - net	(464.56)	466.02
CSR expenditure (refer note 23(a))	13.88	13.47
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	52.45	59.46
Total	**2,353.19**	**3,991.32**

23(a) Corporate social responsibility (CSR)

Particulars	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Company during the year	13.88	13.47
Total	**13.88**	**13.47**

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2020			
a. Construction/ acquisition of any asset	–	–	–
b. On purposes other than (a) above *	13.88	–	13.88
	13.88	**–**	**13.88**
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**

*The amount of Rs. 13.88 (March 31, 2019; Rs 13.47) is contributed to Thermax Foundation, India (also refer note no 27 Related party transactions).

23(b) Payment to auditors

Particulars	March 31, 2020	March 31, 2019
As auditor		
Audit	6.00	6.00
In other capacity		
Other services	0.45	2.00
Reimbursement of expenses	0.29	0.36
Total	**6.74**	**8.36**

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

24 Earnings per share

Particulars	March 31, 2020	March 31, 2019
Net profit attributable to the equity shareholders of the Company	634.79	33.94
Weighted average number of equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share (In Rupees)	14.11	0.75

25 Contingent Liabilities and commitments

A Contingent liabilities

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs. 738.19 (March 31, 2019 Rs 1,132.09) ; Sales tax Rs. 75.05, (March 31, 2019 Rs. 78.69).

ii) Income tax demands disputed in appellate proceedings are Rs. 29.00 (March 31, 2019 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. Nil (March 31, 2019 Rs. 150.96)

B Capital and other commitment

a) Lease commitments

i. Company as lessee

The Company has taken certain office premises on cancellable operating lease. The tenure of such leases is for a period of one year or less. 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. Since the contracts are short term leases, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with these leases as an expense.

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

Particulars	March 31, 2020	March 31, 2019
Lease payments for the year	35.99	109.29
Within one year	–	–
After one year but not more than five years	–	–
More than five years	–	–

26 A. Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed 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, 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 Statement of Profit and Loss	**18.67**	**18.16**	**0.51**
Experience adjustments	0.52	–	0.52
Actuarial (gain) 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)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	**52.98**	**244.46**	**(191.48)**
Current service cost	2.66	–	2.66
Interest expense/(income)	3.96	14.12	(10.16)
Total amount recognised in Statement of Profit and Loss	**6.62**	**14.12**	**(7.50)**
Experience adjustments	(11.22)	–	(11.22)
Actuarial loss from change in financial assumptions	1.58	–	1.58
Return on plan assets expense/(income)	–	(5.54)	5.54
Total amount recognised in Other comprehensive income	**(9.64)**	**(5.54)**	**(4.10)**
Employer contributions	–	–	–
Benefits paid	–	2.29	(2.29)
Liability for employees transferred	(16.02)	(121.96)	105.94
March 31, 2020	**33.94**	**133.37**	**(99.43)**

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

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	33.94	52.98
Fair value of plan assets	133.37	244.46
Plan (assets)	**(99.43)**	**(191.48)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.84%	7.47%
Salary growth rate	5.00%	5.00%
Expected return on plan assets	7.00%	8.00%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	6% to 14%	6% to 14%

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

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
Discount rate		
1.00% increase	Decrease by 2.8	Decrease by 3.85
1.00% decrease	Increase by 2.48	Increase by 4.36
Future salary increase		
1.00% increase	Increase by 2.65	Increase by 4.15
1.00% decrease	Decrease by 2.39	Decrease by 3.73
Attrition Rate		
1.00% increase	Increase by 0.33	Increase by 0.74
1.00% decrease	Decrease by 0.38	Decrease by 0.84

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, 2020	March 31, 2019
Within next 12 months	2.55	3.93
Between 2-5 years	9.90	16.54
Between 5-10 years	13.32	23.64

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2019: 10 Years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with Insurer (LIC of India)	100.00%	100.00%

27 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

Thermax Babcock & Wilcox Energy Solutions Private Limited

Thermax Cooling Solutions Private Limited - Earlier known as Thermax SPX Energy Technologies Limited

B. Enterprise, over which control is exercised by directors of the Holding Company.

Thermax 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

E. Transactions with related parties:

Particulars	Holding Company		Entities Controlled by Holding company		Subsidiary Company		Independent Director		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a. Transactions during the year										
Sales of products and services	146.03	1268.67	86.60	–	–	–	–	–	232.63	1,268.67
Sale of fixed assets	–	28.19	1.00	–	–	–	–	–	1.00	28.19
Recovery of expenses	23.52	445.92	7.50	–	159.96	–	–	–	190.98	445.92
Reimbursement of expenses	13.77	275.30	176.75	–	–	–	–	–	190.52	275.30
Reimbursement of remuneration for key management personnel	21.80	44.99	21.80	–	–	–	–	–	43.60	44.99
Corporate social responsibility	–	–	13.88	13.47	–	–	–	–	13.88	13.47
Director's sitting fees	–	–	–	–						
-Mr. Ajay Joshi	–	–	–	–	–	–	2.10	3.40	2.10	3.40
-Mr. Ashok Joshi	–	–	–	–	–	–	2.10	3.40	2.10	3.40
Commission paid	12.96	12.16	–	–	–	–	–	–	12.96	12.16
Repair & maintenance	–	3.36	–	–	–	–	–	–	–	3.36
Corporate cost allocation	18.12	17.51	–	–	–	–	–	–	18.12	17.51
Interest expenses on intercorporate loan	27.05	34.22	–	–	–	–	–	–	27.05	34.22
Rent paid	6.00	40.49	–	–	–	–	–	–	6.00	40.49
Dividend paid	–	1,000.00	–	–	–	–	–	–	–	1,000.00

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

F. Balances with related parties:

Particulars	Holding Company		Entities Controlled by Holding company		Subsidiary Company		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
b. Balances as at the year end								
Trade receivables	–	504.74	205.90	–	159.96	–	365.86	504.74
Interest Accrued on intercorporate loan	–	17.03	–	–	–	–	–	17.03
Intercorporate loan	–	750.00	–	–	–	–	–	750.00
Trade payables and other liabilities	27.49	534.20	287.94	–	–	–	315.43	534.20

G. Commitments

Thermax Limited has issued corporate guarantee to Union bank of India and ICICI Bank on behalf of the Company for securing non fund based limits of Rs. 6900.00 lacs as on March 31, 2020 (March 31, 2019: Rs. 9,000.00 Lacs).

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 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, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

28 Fair value measurements

a) Category of financial instruments and valuation techniques

Break-up of financial assets carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (refer note 4)	1,298.74	3,137.19
Loans (refer note 5)	3.57	23.39
Other financial assets (refer note 6)	329.41	461.07
Cash and cash equivalents (refer note 9(a))	1,168.63	321.11
Total	**2,800.35**	**3,942.76**
Current assets	2,796.88	3,939.29
Non-current assets (refer note 6(a))	3.47	3.47
Total	**2,800.35**	**3,942.76**

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

The management considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. It has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (refer note 12)	–	750.00
Trade payable (refer note 13)	923.94	1,916.68
Employee related payables (refer note 14)	32.32	83.04
Other liabilities (refer note 14)	–	17.03
Total	**956.26**	**2,766.75**
Current liabilities	956.26	2,766.75
Non current liabilities (refer note 13(a))	–	–
Total	**956.26**	**2,766.75**

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

29 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 follows guidance given by the Corporate Risk Management Policy of the group. The risks are summarized below:

I Market risk

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

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data of losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5. 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.

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

Financial instruments and cash deposits

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

III Liquidity risk

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

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

(i) Maturities of financial liabilities

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

March 31, 2020	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	–	–	–
Trade Payables	923.94	–	–
Other financial liabilities			
Employee related payables	32.32	–	–
Interest accrued but not due on loans	–	–	–

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	–	–

30 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, 2020. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2020	March 31, 2019
Borrowings	–	750.00
Trade payables	923.94	1,916.68
Less: Cash and cash equivalents	(1168.63)	(321.11)
Net debt	–	2,345.57
Equity	3,966.08	3,327.19
Capital and net debt	3,966.08	5,672.76

31 World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 24, 2020 and which is getting further extended. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc.

The Company is monitoring the situation closely and operations is being resumed in a phased manner considering directives from the Government. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in the financial results. "

32 The Company has stopped accepting new orders. The Company has certain order backlog for Indian business and also for its subsidiary in Nigeria. The management expects that the Company needs atleast 18-24 months to complete the order backlog in hand. In addition the management in discussion with the holding company is also evaluating business restructuring opportunities for near future. The Company has sufficient cash balances to meet its obligation and honour the commitments. Considering the above facts, the financial statements has been prepared on going concern basis.

33 As the consolidated financial statements are presented by the entity's holding Company, the entity has elected to apply the exemption available to it under Ind AS 110 and has opted to present only one set of standalone 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 Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: June 15, 2020

Upsen Umale
Chief Executive Officer

THERMAX INSTRUMENTATION LIMITED

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty Fourth Annual Report for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2019-20	2018-19
Total Income	**18,285.07**	18,507.35
Profit before Depreciation	**1,312.69**	1,632.97
Depreciation	**34.47**	77.35
Profit before Tax	**1,278.22**	1,555.62
Provision for Taxation including Deferred Tax	**460.72**	698.26
Profit after tax	**817.50**	857.36

STATE OF COMPANY'S AFFAIRS

During the year, the Company earned a total income of Rs 18,285.07 lakh (previous year Rs 18,507.35 lakh). Profit before tax stood at Rs.1,278.22 lakh (previous year Rs. 1,555.62 lakh) and profit after tax is Rs.817.50 lakh (previous year Rs. 857.36 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.8,334 lakh (previous year Rs. 20,890 lakh). The general slowdown in capital goods investments by companies affected order intake in the Indian market. The Covid-19 pandemic has impacted capital goods investment further and order intake will be subdued in current year. The company is focusing efforts to reduce costs and conserve cash to protect profitability and liquidity.

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 Key Performance Indicators.

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. During the year, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

The Company has redeemed 1% Non-cumulative Redeemable Preference Shares of face value Rs 10/- each aggregating Rs. 10 crores (Rupees Ten Crores) on May 7, 2019.

During the year the securities of the Company have been dematerialized.

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, 2020.

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. Ravinder Advani retires by rotation, and being eligible, offers himself for re-appointment as director.

During the year Mr. Amitabha Mukhopadhyay resigned as a Director effective May 31, 2019. Mr. Rajendran Arunachalam was appointed as an Additional Director effective July 26, 2019.

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, 2020.

The Company has re-appointed Mr. M L Bindra as a 'Manager' of the Company for a period of one year effective from May 05, 2020. The appointment of Mr. Bindra was approved by the shareholders in Extra ordinary General Meeting of the Company held on February 4, 2020.

BOARD MEETINGS

The Board met five times on May 7, 2019, May 22, 2019, August 2, 2019, November 5, 2019 and January 27, 2020 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of meetings attended by the members are as follows:

Board members	Number of meetings attended
Mr. Amitabha Mukhopadhyay	2
Mr. B. C. Mahesh	4
Mr. Ajay Joshi	5
Mr. Ashok K. Joshi	5
Mr. Ravinder Advani	5
Mr. Rajendran Arunachalam	3

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 five times during the year on May 7, 2019, May 22, 2019, August 2, 2019, November 5, 2019 and January 27, 2020. The Committee comprises of 3 (Three) members, all being non-executive directors namely Mr. Ajay Joshi (Chairman), Mr. Rajendran Arunachalam and Mr. Ashok K. Joshi. Details of meetings attended by the members are as follows:

Committee members	Number of meetings attended
Mr. Amitabha Mukhopadhyay	2
Mr. Ajay Joshi	5
Mr. Ashok K. Joshi	5
Mr. Rajendran Arunachalam	3

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 27, 2020 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 27, 2020 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.37.67 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	6,552.56 *(previous year 10,215.70)*
Foreign currency outgo	5,390.88 *(previous year 8,600.66)*

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 24th Annual General Meeting.

The Board at its meeting held on June 11, 2020 has recommended re-appointment of M/s. SRBC & Co. LLP as the Statutory Auditors of the Company for term of five years for the approval of the shareholders of the Company.

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	**Rajendran Arunachalam**	**Mr. B. C. Mahesh**
Date: June 11, 2020	Director	Director
	DIN: 08446343	DIN: 06631816

ANNEXURE 1

Annual Report on CSR activities and CSR Policy

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

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

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

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

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

2. The Composition of the CSR Committee.

   Corporate Social Responsibility (CSR) Committee comprises as follows:

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

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

   The average net profit of the Company for the last three financial years is Rs. 18.84 crore.

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

   Prescribed CSR Expenditure is Rs. 37.67 lakh (2% of Rs. 18.84 crore). Amount contributed to Thermax Foundation is Rs. 37.67 lakh.

5. Details of CSR spent during the financial year.

   a) Total amount donated: Rs 37.67 lakh.

   b) Total amount to be spent for the financial year: Rs 37.67 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, 2020. 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	**B. C. Mahesh**
(Manager)	(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, 2020

[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:-

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	73.79%
2	Operation and Maintenance	45207	26.51%

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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govnt(s)	-	-	-	-	-	-	-	-	-
c) State Govnt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	8999994	8999994	100	8999994	-	8999994	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**-**	**8999994**	**8999994**	**100**	**8999994**	**-**	**8999994**	**100**	**0**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A) (2)	**-**	**8999994**	**8999994**	**100**	**8999994**	**-**	**8999994**	**100**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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	------------------------------------NIL------------------------------------								
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	------------------------------------NIL------------------------------------								
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	------------------------------------NIL------------------------------------								
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	6	6	0	-	6	6	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
- Directors Relative									
- Trusts	------------------------------------NIL------------------------------------								
- Foreign Bodies Corporate									
- Foreign Bodies-DR									
- Non Resident Indian									
- HUF									
- Clearing Members									
Sub-total(B)(2):-	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**6**	**6**	**0**	**-**	**6**	**6**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**9000000**	**9000000**	**100**	**8999994**	**6**	**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 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Thermax Limited	18999994*	100	NIL	8999994	100	NIL	NIL
	TOTAL	**18999994**	**100**	**NIL**	**8999994**	**100**	**NIL**	**NIL**

* Including Preference Shares (10,000,000)

iii) Change in Promoters' Shareholding: (including preference share capital)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	**THERMAX LIMITED**	18999994	100	8999994	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	The Company has redeemed 1% Non-cumulative Redeemable Preference Shares of face value Rs 10/- each aggregating Rs 10 crores (Rupees Ten Crores) on May 7, 2019.			

(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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01.04.2019)				
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**
Change in indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year (31.03.2020)				
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
Sl. no.	**Particulars of Remuneration**	**Total Amount**
1	Gross salary	
	(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	--------Nil-------
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	**Ajay Joshi**		**Ashok K. Joshi**		
	Fee for attending board / committee meetings	5.30		5.30		10.60
	Commission					-
	Others, please specify					-
	Total (1)	-		-		-
2.	Other Non-Executive Directors	**Amitabha Mukhopadhyay**	**B. C. Mahesh**	**Ravinder Advani**	**Rajendran Arunachalam**	
	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 lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary (Sudhir Lale)	Chief Financial Officer (Harish Tikotkar)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	18.70	19.33	38.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07	0.45	0.52
	(c) Profits in lieu of salary under section 17(3)Income-tax Act,1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- as% of profit			
	- Others, specify			
5.	Others, please specify (Retrial Benefits)			
	Total	**18.77**	**19.78**	**38.55**

VII. Penalties /Punishment/ compounding of offences:

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

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

Rajendran Arunachalam
Director
DIN: 08446343

Mr. B. C. Mahesh
Director
DIN: 06631816

Place: Pune,
Date: June 11, 2020

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 2020, 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 Ind AS 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 United Arab Emirates (Sharjah).

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 the other 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equityfor 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 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.

Emphasis of Matter

We draw attention to Note 37 of the accompanying Ind AS financial statements which describes the management's evaluation of impact of uncertainties related to COVID-I9 and its consequential effects on the carrying value of the accounts receivables and contract assets as at March 31, 2020 and the operations of the Company.

Our opinion is not modified in respect of this matter.

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 Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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.

Responsibility 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.

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 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 with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 1,106.16 lacs as at March 31, 2020 and the total revenues of Rs. 3,749.59 lacs for the year ended on that date, as considered in the financial statements. The financial statements and financial 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 branch 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 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) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;

   (g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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

   (i) In our opinion, the managerial remuneration for the year ended March 31, 2020 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;

   (j) 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 including derivative contracts – Refer Note 18 to the Ind AS financial statements;

      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

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per **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune
Date: June 11, 2020

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Thermax Instrumentation Limited (‘the Company’)

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

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

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, 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 dues in respect of provident fund, employees’ state insurance, income-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 value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)^	Period to which the amount relates	Forum where the dispute is pending
West Bengal Value Added Tax Act, 2003	Tax payable under Section 18	42.96 (Net of amount paid under protest amounting to 4.74)	FY 16-17	Senior Joint Commissioner, Kolkata

^Excluding interest and penalty, if any thereon.

(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 **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune
Date: June 11, 2020

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, 2020 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 with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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, 2020, 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 United Arab Emirates (Sharjah), 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 **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune
Date: June 11, 2020

THERMAX INSTRUMENTATION LIMITED

Balance Sheet as at March 31, 2020

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

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
I. Non-current assets			
Property, plant and equipment	4	**152.26**	176.62
Financial assets:			
Trade receivables	5 (a)	**839.68**	737.37
Deferred tax assets (net)	6	**237.85**	86.55
Income tax assets (net)		**2,719.88**	2,441.51
Other non-current assets	7 (a)	**539.89**	563.38
		4,489.56	4,005.43
II. Current assets			
Financial assets:			
(a) Investments	8	**200.56**	2,594.87
(b) Trade receivables	5 (b)	**3,861.20**	3,833.11
(c) Cash and cash equivalents	9 (a)	**2,200.62**	2,169.94
(d) Bank balances other than (c) above	9 (b)	**161.03**	-
(e) Loans	10	**18.76**	17.06
(f) Other financial assets	11	**826.74**	1,061.42
Other current assets	7 (b)	**1,217.71**	962.37
		8,486.62	10,638.77
Total Assets		**12,976.18**	14,644.20

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Equity and Liabilities			
I. Equity			
Equity share capital	12	**900.00**	900.00
Other equity	13	**3,449.82**	2,528.32
Total equity		**4,349.82**	3,428.32
II. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	14	**-**	-
(b) Trade payables	15 (a)	**521.00**	431.48
Other non-current liabilities	17	**16.63**	204.47
Total non-current liabilities		**537.63**	635.95
III. Current liabilities			
Financial liabilities:			
(a) Trade payables			
- total outstanding dues of micro and small enterprises	15 (b)	**17.65**	0.23
- total outstanding dues of creditors other than micro and small enterprises	15 (b)	**4,231.22**	4,144.86
(b) Other financial liabilities	16	**200.97**	1,166.56
Other current liabilities	18	**3,463.91**	5,042.20
Provisions	19	**174.98**	226.08
Total current liabilities		**8,088.73**	10,579.93
Total equity and liabilities		**12,976.18**	14,644.20
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 Registration No.: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 11, 2020

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: June 11, 2020

Statement of profit and loss for the period ended March 31, 2020

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

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	20	**17,951.83**	17,767.75
Other income	21	**333.24**	739.60
Total Income (I)		**18,285.07**	18,507.35
Expenses			
Project bought-out and components		**671.99**	404.97
Employee benefits expense	22	**3,374.30**	2,702.21
Finance cost	23	**2.81**	240.00
Depreciation expense	24	**34.47**	77.35
Other expenses	25 (a)	**12,923.28**	13,527.20
Total Expenses (II)		**17,006.85**	16,951.73
Profit before tax (I-II)		**1,278.22**	1,555.62
Tax expense			
Current tax	26	**614.90**	848.81
Deferred tax	26	**(154.18)**	(150.55)
Total tax expense		**460.72**	698.26
Profit for the year		**817.50**	857.36

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	27		
Net gain / (loss) on translation of foreign operations		**95.45**	(22.21)
Less: Income tax effect		**-**	-
		95.45	(22.21)
B. Items that will not be reclassified subsequently to profit or loss	27		
Re-measurement gain / (loss) of defined benefit plan		**11.43**	(6.18)
Less: Income tax effect		**(2.88)**	-
		8.55	(6.18)
Total other comprehensive income for the year (net of tax)		**104.00**	(28.39)
Total comprehensive income for the year		**921.50**	828.97
Earning per equity share [Nominal value Rs. 10 each (March 31, 2019: Rs. 10)] Basic and diluted	28	**9.08**	9.53
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 Registration No.: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 11, 2020

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: June 11, 2020

THERMAX INSTRUMENTATION LIMITED

Cash Flow Statement for the year ended March 31, 2020

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

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A)	**Cash flows from operating activities**		
	Profit before tax	**1,278.22**	1,555.62
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation on Property, Plant & Equipment	**34.47**	77.35
	Provision for impairment allowance of financial assets (net)	**285.54**	408.58
	Interest expense	**2.81**	13.97
	Interest accretion on preference shares	**-**	226.03
	(Gain) / Loss on sale/discard of assets (net)	**(0.17)**	2.46
	Interest income from bank	**(16.64)**	(0.02)
	Interest income - others	**(30.28)**	(27.23)
	Net foreign exchange differences (including effect of foreign exchange differences on cash and cash equivalents)	**16.01**	41.22
	Fair value gain on financial instruments at fair value through profit and loss (net)	**(66.33)**	(239.85)
	Liabilities no longer required written back	**(125.32)**	(246.88)
	Cash flows before working capital changes	**1,378.31**	1,811.25
	Working capital adjustments		
	(Increase) in trade receivables	**(394.43)**	(1,176.58)
	Decrease / (Increase) in other non-current assets	**23.49**	(36.29)
	Decrease / (Increase) in other current financial assets	**254.04**	(288.74)
	(Increase) in other current assets	**(159.89)**	(13.19)
	(Increase) in current loans	**(1.70)**	(2.85)
	Increase in trade payables	**261.74**	1,467.44
	(Decrease) / Increase in other non-current liabilities	**(187.84)**	202.37
	(Decrease) in other current liabilities	**(1,578.29)**	(1,242.82)
	Increase / (Decrease) in other financial liabilities	**34.41**	(17.78)
	(Decrease) / Increase in provisions	**(42.55)**	30.16
		(1,791.02)	(1,078.28)
	Cash (used in) generated from operations	**(412.71)**	732.97
	Direct taxes paid (net of refunds)	**(860.11)**	(1,016.49)
	Net cash (outflow) from operating activities	**(1,272.82)**	(283.52)
B)	**Cash flows from/ (used in) investing activities**		
	Purchase of property, plant and equipment	**(14.95)**	(73.72)
	Redemption of investments (net)	**2,394.32**	155.63
	Interest income from bank	**16.64**	0.02
	Net proceeds from sale of property, plant and equipment	**5.01**	0.11
	Fixed deposits (net)	**(161.03)**	0.32
	Net gain on sale of investments	**66.32**	191.28
	Net cash flows from investing activities	**2,306.31**	273.64
C)	**Cash flows from/ (used in) financing activities**		
	Redemption of Preference Shares	**(1,000.00)**	-
	Interest paid	**(2.81)**	(13.97)
	Net cash flows (used in) financing activities	**(1,002.81)**	(13.97)
	Net increase / (decrease) in cash and cash equivalents	**30.68**	(23.85)
	Cash and cash equivalents at the beginning of the year	**2,169.94**	2,193.79
	Cash and cash equivalents at the end of the year	**2,200.62**	2,169.94

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

	Note No.	March 31, 2020	March 31, 2019
Cash and cash equivalents	9 (a)	**2,200.62**	2,169.94
Balances as per Cash flow statement		**2,200.62**	2,169.94

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 11, 2020

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: June 11, 2020

Statement of Changes in Equity for the year ended March 31, 2020

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

A Equity share capital

	Note	March 31, 2020	March 31, 2019
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, 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
Profit for the year	**-**	**817.50**	**817.50**	**-**	**817.50**
Reserve created for Redemption of Preference Shares	**1,000.00**	**(1,000.00)**	**-**	**-**	**-**
Other Comprehensive Income	**-**	**8.55**	**8.55**	**95.45**	**104.00**
As at March 31, 2020	**2,118.84**	**1,246.50**	**3,365.34**	**84.48**	**3,449.82**

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 11, 2020

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

B. C. Mahesh
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Company Secretary

Place: Pune
Date: June 11, 2020

Notes to financial statements for the year ended March 31, 2020

(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 Directors on June 11, 2020.

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 (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 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 116 w.e.f. April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described below:

Ind AS 116 was issued on March 30, 2019 and mainly supersedes Ind AS 17 Lease. Ind AS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

On transition to Ind AS 116, the Company has elected to adopt the new leasing standard as per modified prospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2019.

2.3 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

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 has been assessed to be United State Dollars (US$) while that of the India operations continues to be Indian Rupees (Rs.).

The assets and liabilities of foreign operations are translated into Rs., 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.

c. Fair value measurement

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

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

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

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

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

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

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

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 34)
- Financial instruments (including those carried at amortized cost) (note 34)

d. Property, plant and equipment

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

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognized and cost of the new item of PPE is recognized. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance costs are 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.

e. 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 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 (f) 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.

f. 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 Statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 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 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 Statement of profit and loss, 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 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.

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

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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the Statement of profit and loss. For presentation in balance sheet, ECL is presented as an allowance as it an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount of financial assets measured at amortized cost and contract assets.

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

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement

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

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

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

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

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

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. Leases

Company as a lessee

The Company lease asset classes primarily consist of leases for land, buildings and office equipments. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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.

l. 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.

m. 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.

n. 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.

o. 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.

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 (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.

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 United States Dollar (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 norm 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 183.77 (March 31, 2019: 285.29) as at the balance sheet date.

Notes to financial statements for the year ended March 31, 2020

(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, 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**
Additions	-	-	-	13.46	1.49	14.95
Disposals	-	-	(79.04)	(0.75)	(9.97)	(89.76)
As at March 31, 2020	**12.22**	**304.19**	**71.87**	**339.58**	**53.69**	**781.55**
Accumulated depreciation						
As at April 01, 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**
Charge for the year	0.18	10.16	4.93	13.42	5.78	34.47
Disposals	-	-	(75.08)	(0.37)	(9.47)	(84.92)
As at March 31, 2020	**3.99**	**198.63**	**45.24**	**338.11**	**43.32**	**629.29**
Net Block						
As at March 31, 2020	**8.23**	**105.56**	**26.63**	**1.47**	**10.37**	**152.26**
As at March 31, 2019	**8.41**	**115.72**	**35.52**	**1.81**	**15.16**	**176.62**

Details of assets taken on operating lease:

	March 31, 2020	March 31, 2019
Cost/Deemed cost	12.22	12.22
Accumulated depreciation	3.99	3.81
Net carrying amount	8.23	8.41

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

5 Trade receivables

5(a) Non current trade receivables

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**839.68**	737.37
(ii) Others	**-**	-
Total receivables	**839.68**	737.37
Break-up of security details		
Secured, considered good	**-**	-
Unsecured, considered good	**839.68**	737.37
Trade Receivables which have a significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**-**	-
	839.68	737.37
Less: Impairment allowance	**-**	-
Total	**839.68**	737.37

5(b) Current trade receivables

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**2,013.06**	905.63
(ii) Others	**1,848.14**	2,927.48
Total receivables	**3,861.20**	3,833.11
Break-up of security details		
Secured, considered good	**640.12**	89.82
Unsecured, considered good	**3,221.08**	3,743.29
Trade Receivables which have a significant increase in credit risk	**-**	-
Trade Receivables - credit impaired	**1,154.12**	846.46
	5,015.32	4,679.57
Less: Impairment allowance	**(1,154.12)**	(846.46)
Total	**3,861.20**	3,833.11

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, 2020	As at March 31, 2019
Deferred tax liabilities		
Retained earnings of foreign branches	**(183.77)**	(285.93)
Fair value adjustment of financial instruments	**-**	(14.14)
Unrealized foreign exchange gain	**(0.32)**	(9.57)
	(184.09)	(309.64)
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	**26.52**	33.81
Provision for doubtful receivables, advances, balance with government authorities, etc)	**265.10**	236.25
Disallowances under section 40(a) of the Income Tax Act, 1961	**-**	-
Items allowed on payment basis	**112.12**	81.78
Others	**18.20**	44.35
	421.94	396.19
Deferred tax assets (net)	**237.85**	86.55

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.

7(a) Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Balances with government authorities		
Unsecured considered good	**539.89**	563.38
Unsecured considered doubtful	**110.65**	108.36
	650.54	671.74
Less : Impairment allowance	**(110.65)**	(108.36)
Total	**539.89**	563.38

7(b) Other current assets

	As at March 31, 2020	As at March 31, 2019
Unsecured considered good		
Advances to suppliers	**470.49**	539.44
Advances to employees	**47.97**	27.79
Prepaid expenses	**63.85**	67.94
Balances with government authorities	**560.36**	273.20
Prepaid employee benefits (note 32)	**52.91**	43.71
Others	**22.13**	10.29
Total	**1,217.71**	962.37

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, 2020	As at March 31, 2019
Investments at Fair value through Statement of profit and loss			
Investments in Mutual Funds :			
Liquid/ liquid plus and duration funds (unquoted)			
ICICI Pru - Overnight Fund - Direct Growth	Rs. 100	**200.56**	-
UTI Liquid Fund - Cash Plan - Direct Growth	Rs. 1,000	**-**	486.17
Kotak Liquid Plan - Direct Growth	Rs. 1,000	**-**	301.89
ABSL Liquid Fund - Direct Growth	Rs. 100	**-**	422.53
SBI Liquid Fund - Direct Growth	Rs. 1,000	**-**	462.41
DSP Liquidity Fund - Direct Growth	Rs. 1,000	**-**	434.25
TATA Liquid Fund - Direct Growth	Rs. 1,000	**-**	487.62
		200.56	2,594.87
Number of units held for above investments			
ICICI Pru -Overnight Fund Direct Growth		**186,140.84**	-
UTI Liquid Fund - Cash Plan - Direct Growth			15,883.99
Kotak Liquid Plan - Direct Growth			7,977.50
ABSL Liquid Fund - Direct Growth			140,638.15
SBI Liquid Fund - Direct Growth			15,789.62
DSP Liquidity Fund - Direct Growth			16,243.60
TATA Liquid Fund - Direct Growth			16,560.00
Aggregate amount of unquoted investments		**200.56**	2,594.87
Aggregate amount of impairment in the value of investments		-	-

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

9(a) Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks		
- in current accounts *	**1,314.63**	2,100.94
- in deposits with maturity of less than three months	**884.81**	-
Cheques on hand (note 33)	**-**	66.53
Cash on hand	**1.18**	2.47
Total	**2,200.62**	2,169.94

* this includes bank balances of Rs. 885.63 (March 31, 2019 Rs. 1,761.34) 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, 2020	As at March 31, 2019
Deposits with original maturity of more than 3 months but less than 12 months	**161.03**	-
Total	**161.03**	-

10 Current loans

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
At amortised cost		
Security deposits	**13.61**	11.44
Loans to employees	**5.15**	5.62
Total	**18.76**	17.06

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, 2020	As at March 31, 2019
At amortised cost		
Unbilled revenue (note 20)	**781.04**	1,016.60
Trade deposits	**45.70**	44.82
Total	**826.74**	1,061.42

Unbilled revenue is net of impairment allowance of Rs. 33.99 (March 31, 2019: Rs. 53.26) 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, 2020	As at March 31, 2019
Authorized shares (Nos)		
9,000,000 (March 31, 2019: 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, 2019: 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, 2018	9,000,000	900.00
Changes during the year	-	-
At March 31, 2019	9,000,000	900.00
Changes during the year	-	-
At March 31, 2020	**9,000,000**	**900.00**

(b) Terms/ rights attached to equity shares

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

(c) Equity shares held by holding company

	As at March 31, 2020	As at March 31, 2019
Thermax Limited	**900.00**	900.00
9,000,000 (March 31, 2019: 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, 2020	As at March 31, 2019
Thermax Limited		
%	**100.00**	100.00
No. of shares	**9,000,000**	9,000,000

13 Other equity

	As at March 31, 2020	As at March 31, 2019
Reserves and surplus		
Capital reserve	**1,118.84**	1,118.84
Capital Redemption Reserve		
Opening balance	**-**	-
Add: Transfer during the year	**1,000.00**	-
Balance at the end of the year	**1,000.00**	-
Retained earnings		
Opening balance	**1,260.24**	409.06
Add: Profit for the year	**817.50**	857.36
Less: Transfer to Capital Redemption Reserve	**(1,000.00)**	-
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement gain/(loss) on post-employment benefit plans, net of tax Rs. 2.88 (March 31, 2019 Rs. Nil))	**8.55**	(6.18)
Net Surplus in the Statement of profit and loss	**1,086.29**	1,260.24
Total Reserves and surplus	**3,205.13**	2,379.08
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	**(10.97)**	11.24
Add/ (Less): movement during the period	**95.45**	(22.21)
Closing balance	**84.48**	(10.97)
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2019 Rs. 65.82)	**160.21**	160.21
Total	**3,449.82**	2,528.32

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.

Capital Redemption Reserve
The Company has created Capital Redemption Reserve on non-cumulative redeemable preference shares in accordance with the Companies Act, 2013.

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, 2020	As at March 31, 2019
1% Non-cumulative Redeemable Preference Shares at fair value^	-	1,000.00
10,000,000 Preference Shares of Rs 10/- each fully paid		
Total non current borrowings	-	1,000.00
Less: amount disclosed under the head		
"Other current financial liabilities" (note 16)	-	1,000.00
Total	-	-

^ This forms a part of the authorized share capital of 15,000,000 (March 31, 2019: 15,000,000) preference shares of Rs 10 each as per the Companies Act, 2013

Note: The preference shares were redeemed on May 28, 2019 vide Board resolution dated May 7, 2019.

15(a) Non current trade payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
Others	**521.00**	431.48
Total	**521.00**	431.48

15(b) Current trade payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
Total outstanding dues of micro and small enterprises (note 15(c))	**17.65**	0.23
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related Parties (note 33)	**101.20**	40.42
(ii) Others	**4,130.02**	4,104.44
Total	**4,248.87**	4,145.09

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, 2020	March 31, 2019
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	**17.65**	0.23
- 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	**0.13**	0.06
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, 2020	As at March 31, 2019
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	**144.23**	101.23
Customer deposits	**56.54**	60.81
Payable against tangible assets	**0.20**	4.52
Total	**200.97**	1,166.56

17 Other non-current liabilities

	As at March 31, 2020	As at March 31, 2019
Customer advances		
(i) Others	**16.63**	139.06
(ii) Related Parties (refer note 33)	**-**	65.41
Total	**16.63**	204.47

18 Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Unearned revenue (note 20)	**1,159.18**	1,489.67
Customer advances		
(i) Related Parties (refer note 33)	**464.97**	1,003.80
(ii) Others	**1,728.30**	2,259.37
Statutory dues and other liabilities*	**111.46**	289.36
Total	**3,463.91**	5,042.20

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

19 Current provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for leave encashment	**102.67**	87.96
	102.67	87.96
Other provisions		
Provision for onerous contracts	**72.31**	138.12
	72.31	138.12
Total	**174.98**	226.08

Movement in provisions for onerous contracts

	March 31, 2020	March 31, 2019
As at April 1, 2019	**138.12**	119.25
Additional provision recognized	**21.73**	72.13
Provision (utilized)/ (reversed) during the year	**(87.54)**	(53.26)
As at March 31, 2020	**72.31**	138.12

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.

20 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2020	March 31, 2019
Revenue from services	**17,873.52**	17,629.64
Total revenue from contracts with customers	**17,873.52**	17,629.64

(b) Other operating income

	March 31, 2020	March 31, 2019
Sale of Scrap	**70.27**	34.47
Exchange fluctuation gain (net)	**8.04**	103.64
	78.31	138.11
Total revenue from operations	**17,951.83**	17,767.75

(c) Disclosure pursuant to Ind AS 115: Revenue from contracts with customers

i) Revenue by category of contracts:

	March 31, 2020	March 31, 2019
Over a period of time basis	**13,120.72**	14,095.70
At a point-in-time basis	**4,752.80**	3,533.94
Total revenue from contracts with customer	**17,873.52**	17,629.64

Revenue by geographical market

	March 31, 2020	March 31, 2019
Within India	**11,288.01**	7,413.94
Outside India	**6,585.51**	10,215.70
Total revenue from contracts with customer	**17,873.52**	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, 2020	As at March 31, 2019
Trade receivables (refer note 5(a) and 5(b))	4,700.88	4,570.48
Unbilled revenue (Contract asset) (refer note 11)	781.04	1,016.60
Unearned revenue (Contract liability) (refer note 18)	1,159.18	1,489.67
Customer advances (Contract liability) (refer note 17 and 18)	2,209.90	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, 2020	March 31, 2019
Unearned revenue	**1,428.99**	2,470.55
Customer advance	**1,916.68**	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, 2020	As at March 31, 2019
Opening unbilled revenue (refer note 11)	**1,016.60**	753.74
Opening unearned revenue (refer note 18)	**1,489.67**	2,759.64
- Transfer of contract assets to receivable from opening unbilled revenue	**988.09**	751.22
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	**1,428.99**	2,470.55
- Transfer of contract assets to receivable	**12,029.58**	11,744.71
- Increase in revenue as a result of changes in the measure of progress	**11,761.75**	11,625.15
- Others*	**78.14**	66.94
Closing unbilled revenue (refer note 11)	**781.04**	1,016.60
Closing unearned revenue (refer note 18)	**1,159.18**	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 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.

	March 31, 2020	March 31, 2019
Amount of revenue yet to be recognised for contracts in progress	**14,648.64**	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.

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future period.

21 Other income

	March 31, 2020	March 31, 2019
Interest income from financial assets at amortized cost		
Bank deposits	**16.64**	0.02
Interest income from others	**30.28**	27.23
Profit on sale of asset	**0.17**	-
Fair value gain on mutual funds at fair value through profit and loss	**66.33**	239.86
Rent income (Refer note 30 (b)(ii))	**65.14**	65.14
Liabilities no longer required written back	**125.32**	246.88
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	**29.36**	160.47
Total	**333.24**	739.60

22 Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries and wages	**3,200.73**	2,553.91
Contribution to provident and other funds	**134.41**	115.90
Gratuity expense (note 32)	**17.48**	13.33
Staff welfare expenses	**21.68**	19.07
Total	**3,374.30**	2,702.21

23 Finance costs

	March 31, 2020	March 31, 2019
Interest accretion on borrowings (refer note 14)	**-**	226.03
Interest expense	**2.81**	13.97
Total	**2.81**	240.00

24 Depreciation expense

	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment (note 4)	**34.47**	77.35
Total	**34.47**	77.35

25(a) Other expenses

	March 31, 2020	March 31, 2019
Consumption of stores and spare parts	**58.01**	23.01
Power and fuel	**14.44**	39.62
Freight and Forwarding charges	**23.97**	666.95
Site expenses and contract labour charges	**11,565.54**	11,414.51
Advertisement and sales promotion	**17.19**	8.73
Rent (note 30 (b)(i))	**74.89**	71.11
Rates and taxes	**43.24**	78.61
Insurance	**47.70**	58.15
Repairs and maintenance		
- Others	**7.94**	5.43
Travelling and conveyance	**294.32**	289.53
Legal and professional fees (includes payment to auditors; refer note 25(b))	**287.63**	244.16
Director's sitting fees (note 33)	**10.60**	9.80
Provision for impairment of financial assets (net of reversals)	**285.54**	408.58
Loss on sale/ discard of assets (net)	**-**	2.46
Corporate Social Responsibility expenditure (Refer note 25(c))	**37.67**	39.64
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	**154.60**	166.91
Total	**12,923.28**	13,527.20

25(b) Payment to auditors

	March 31, 2020	March 31, 2019
As auditor		
Audit fee	**6.50**	6.50
Services relating to branch audit	**14.70**	9.10
In other capacity		
Other services	**-**	-
Reimbursement of expenses	**0.69**	0.29
Total	**21.89**	15.89

25(c) Corporate Social Responsibility

	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Company during the year	**37.67**	39.64
Total	**37.67**	39.64

Amount spent during the year

		In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2020				
a.	Construction/ acquisition of any asset	-	-	-
b.	On purposes other than (a) above *	37.67	-	37.67
		37.67	-	37.67
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

* The amount is contributed to Thermax Foundation, India. Refer Note 33.

26 Income taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss

	As at March 31, 2020	As at March 31, 2019
Current income tax		
Current income tax charge	**614.90**	848.81
Deferred tax		
Relating to origination and reversal of temporary differences	**(154.18)**	(150.55)
Income tax expense reported in the Statement of profit and loss	**460.72**	698.26

Other Comprehensive Income

	As at March 31, 2020	As at March 31, 2019
Deferred tax related to items recognized in Other Comprehensive Income during the period		
Re-measurement of defined benefit plans	**(2.88)**	-
Income tax charged to Other Comprehensive Income	**(2.88)**	-

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax	**1,278.22**	1,555.62
At India's statutory income tax rate of 25.17% (March 31, 2019: 29.12%)	**321.73**	453.00
Reconciliation items and tax impact of the same		
Effects of non-deductible business expenses	**18.97**	19.88
Deferred tax on unrealized profits of branches	**(96.07)**	26.25
Effect of changes in tax rates	**(20.91)**	28.13
Taxes paid on repatriation of branch profits	**256.64**	145.36
Others	**(19.64)**	25.64
At the effective tax rate of 36.04 % (March 31, 2019: 43.65%)	**460.72**	698.26
Income tax expense reported in the Statement of profit or loss	**460.72**	698.26

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income Tax for the year and re-measured its Deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section.

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, 2020

	Foreign currency translation	Retained earnings	Total
Foreign currency translation differences	95.45	-	**95.45**
Re-measurement gains on defined benefit plans	-	8.55	**8.55**
Total	**95.45**	**8.55**	**104.00**

During the year ended March 31, 2019

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

28 Earnings Per Share (EPS)

	March 31, 2020	March 31, 2019
Net profit attributable to the equity shareholders of the Company	**817.50**	857.37
Weighted average number of equity shares of Rs.10/- each (Nos.)	**9,000,000**	9,000,000
Basic and diluted EPS	**9.08**	9.53

29 Contingent liabilities

	March 31, 2020	March 31, 2019
Disputed VAT balances / liabilities	**71.90**	24.20
Disputed liabilities pertaining to corporate income-tax for Philippines branch	**-**	6.53

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, 2019 Rs. Nil).

b) Lease commitments

i) Company as lessee

The Company has taken building, equipment and residential flats for employees at branches on cancellable 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. Since the contract is a cancellable contract, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with those leases as an expense.

	March 31, 2020	March 31, 2019
Lease payments for the year	**74.89**	71.11
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	**-**	8.71
After one year but not more than five years	**-**	-
More than five years	**-**	-

ii) Company as lessor : Operating lease

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. Lease rentals are recognised in the statement of profit and loss for the year. Refer Note 21

	March 31, 2020	March 31, 2019
Lease rent received for the year	**65.14**	65.14
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, 2020	March 31, 2019
Within India	**11,366.32**	7,552.05
Outside India	**6,585.51**	10,215.70
Total	**17,951.83**	17,767.75

Non current assets by geographical segments *

Particulars	March 31, 2020	March 31, 2019
Within India	**3,410.95**	3,181.51
Outside India	**1.08**	-
Total	**3,412.03**	3,181.51

* 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, 2018	**99.14**	**154.65**	**(55.51)**
Current service cost	17.72	-	17.72
Interest expense	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)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	**102.65**	**146.36**	**(43.71)**
Current service cost	22.19	-	22.19
Interest expense / income	7.42	12.13	(4.71)
Total amount recognised in the Statement of profit and loss	**29.61**	**12.13**	**17.48**
Experience adjustments	(6.51)	-	(6.51)
Actuarial (gain)/loss from change in financial assumptions	6.22	-	6.22
Return on plan assets	-	11.14	(11.14)
Total amount recognised in Other Comprehensive Income	**(0.29)**	**11.14**	**(11.43)**
Employer contributions	(7.02)	15.25	(22.27)
Benefits paid	-	(7.02)	7.02
March 31, 2020	**124.95**	**177.86**	**(52.91)**

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

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	**124.95**	102.65
Fair value of plan assets	**177.86**	146.36
Surplus of funded plan	**(52.91)**	**(43.71)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.56%	7.48%
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, 2020	March 31, 2019
Discount rate		
1.00% increase	decrease by Rs. 8.13	decrease by Rs. 6.07
1.00% decrease	increase by Rs. 9.18	increase by Rs. 6.81
Future salary increase		
1.00% increase	increase by Rs. 8.43	increase by Rs. 6.27
1.00% decrease	decrease by Rs. 7.63	decrease by Rs. 5.70
Attrition Rate		
1.00% increase	increase by Rs. 0.50	increase by Rs. 0.07
1.00% decrease	decrease by Rs. 0.56	decrease by Rs. 0.08

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, 2020	March 31, 2019
Within next 12 months	**22.42**	20.06
Between 2-5 years	**59.09**	53.26
> 5 years	**44.24**	41.55

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2019: 7 years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
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, 2020	March 31, 2019	
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	India

D Key Management Personnel:

1 Mr. Madan Lal Bindra - Manager

2 Mr. Harish Tikotkar - Chief Financial Officer

3 Mr. Sudhir Lale - Company Secretary

4 Mr. Ajay Joshi - Independent Director

5 Mr. Ashok Joshi - Independent Director

6 Mr. Amitabha Mukhopadhyay - Director (Till May 31, 2019)

7 Mr. Rajendran Arunachalam (w.e.f. July 26, 2019)

8 Mr. B. C. Mahesh - Director

9 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sales of services	**5,976.21**	2,346.14	**-**	-	**-**	-	**5,976.21**	2,346.14
Rent income	**62.50**	62.50	**-**	-	**-**	-	**62.50**	62.50
Recovery of expenses	**21.51**	97.70	**-**	-	**-**	-	**21.51**	97.70
Purchase of Property, Plant & Equipment	**-**	0.27	**-**	-	**-**	-	**-**	0.27
Purchase of project bought-out and components	**50.80**	45.38	**-**	-	**-**	-	**50.80**	45.38
Reimbursement of expenses	**523.64**	434.03	**-**	-	**-**	-	**523.64**	434.03
Remuneration to key management personnel*	**43.93**	33.19	**-**	-	**10.60**	9.80	**54.53**	42.99
Donation	**-**	-	**37.67**	39.64	**-**	-	**37.67**	39.64
Commission paid on corporate guarantee received	**9.01**	7.72	**-**	-	**-**	-	**9.01**	7.72
Interest on Borrowings#			**-**	-	**-**	-	**-**	-
Rent paid	**60.50**	60.50	**-**	-	**-**	-	**60.50**	60.50

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

	Personnel	March 31, 2020	March 31, 2019
(a)	**Salary/ Retainership fees reimbursed to Thermax Limited**		
	Mr. Madan Lal Bindra	-	12.00
	Mr. Harish Tikotkar	22.83	21.19
	Mr. Sudhir Lale	21.09	-
(b)	**Director sitting fees paid to independent directors**		
	Mr. Ajay Joshi	5.30	4.90
	Mr. Ashok Joshi	5.30	4.90

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, 2020, the Company has recorded an impairment of receivables relating to amounts owed by related parties as per the policy. The 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		Entities controlled by Holding company		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Trade receivables	2,814.96	1,643.00	37.78	-	**2,852.74**	**1,643.00**
Trade payables	65.84	40.42	35.36	-	**101.20**	**40.42**
Borrowings^^	-	1,000.00	-	-	**-**	**1,000.00**
Customer advances	464.97	1,069.21	-	-	**464.97**	**1,069.21**
Cheques on hand	-	66.53	-	-	**-**	**66.53**
Guarantee/ letter of comfort received	6,396.89	3,669.59	-	-	**6,396.89**	**3,669.59**

^^pertain to the non-cumulative redeemable preference shares issued considered as borrowings. The Board of Directors of the Company, vide resolution dated May 7, 2019 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, 2020	As at March 31, 2019
Trade receivables	**4,700.88**	4,570.48
Cash and cash equivalents	**2,200.62**	2,169.94
Bank balances other than cash and cash equivalents	**161.03**	-
Loans	**18.76**	17.06
Other financial assets	**826.74**	1,061.42
Total	**7,908.03**	7,818.90
Current assets	**7,068.35**	7,081.53
Non-current assets	**839.68**	737.37
Total	**7,908.03**	7,818.90

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

The management considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. It has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

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

	As at March 31, 2020	As at March 31, 2019
Investments	**200.56**	2,594.87
Total	**200.56**	2,594.87
Current assets	**200.56**	2,594.87
Non-current assets	**-**	-
Total	**200.56**	2,594.87

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, 2020	As at March 31, 2019
Trade payable	**4,769.87**	4,576.57
Other liabilities	**200.97**	1,166.56
Total	**4,970.84**	5,743.13
Current liabilities	**4,449.84**	5,311.65
Non current liabilities	**521.00**	431.48
Total	**4,970.84**	5,743.13

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, 2020	As at March 31, 2019
Borrowings	-	1,000.00
Total	**-**	1,000.00
Current liabilities	-	1,000.00
Non current liabilities	-	-
Total	**-**	1,000.00

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, 2020

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2020	-	200.56	-
Financial liabilities				
Borrowings	March 31, 2020	-	-	-

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

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, 2020 and March 31, 2019.

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, Zambia and Sharjah.

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:

Particulars	March 31, 2020	March 31, 2019
Decrease in US$ rate by 5%	**(111.13)**	(81.51)
Increase in US$ rate by 5%	**111.13**	81.51

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, 2020			
Borrowings	-	-	-
Trade payables	4,248.87	521.00	4,769.87
Other financial liabilities :			
Current maturities of long-tem borrowings	-	-	-
Employee related payables	144.23	-	144.23
Customer Deposits	56.54	-	56.54
	4,449.64	**521.00**	**4,970.64**
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**

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, 2020 and March 31, 2019. Capital represents equity attributable to Parent Company and is measured at Rs 4,349.82 (March 31, 2019: Rs. 3,428.32).

Particulars	March 31, 2020	March 31, 2019
Borrowings	**-**	1,000.00
Trade payables	**4,769.87**	4,576.57
Less: Cash and cash equivalents	**(2,200.62)**	(2,169.94)
Net debt	**2,569.25**	3,406.63
Equity	**4,349.82**	3,428.32
Capital and net debt	**6,919.07**	6,834.95

37 World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared a national lockdown on March 24, 2020 and which has been extended from time to time . The Coronavirus is significantly impacting on business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. The Company is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government. The Company has evaluated its liquidity position and recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 11, 2020

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: June 11, 2020

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Board of Directors

Ashish Bhandari
Hemant Mohgaonkar
Rajendran Arunachalam
Sanjay Parande (Independent Director)
Sundar Parthasarathy (Independent Director)

Registered Office

Thermax House
14, Mumbai-Pune Road, Wakdewadi,
Pune - 411 003

Auditors

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

Key Managerial Personnel

Ajit Sharma (Chief Financial Officer)
Gunjan Chandratre (Company Secretary)

Corporate Office

Eco House, Plot No D-13 R.D. AGA Road,
MIDC Sec 2 Industrial Area,
MIDC Chinchwad, Pune – 411019

Bankers

Corporation Bank
ICICI Bank
HSBC Bank

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Tenth Annual Report of the company for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2019-20	2018-19
Total income	**12884.40**	*10177.90
Profit before depreciation	**1456.15**	1619.00
Depreciation	**33.64**	27.39
Profit before tax	**1422.51**	1591.61
Provision for taxation (incl. deferred tax)	**157.53**	450.37
Profit after tax	**1264.98**	1141.24

* Total income revised from 8932.10 lakh for addition of value for sale of leased assets in line with current year

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 12884.40 lakh (previous year Rs. 10177.90 lakh). Profit before tax stood at Rs 1422.51 lakh (previous year Rs. 1591.61 lakh) and profit after tax was Rs. 1264.98 lakh (previous year Rs1141.24 lakh).

During the year, the company commissioned 7 plants across the country. It commissioned a repeat order for steam supply at a Specialty Chemicals plant in Maharashtra. Three steam supply plants were commissioned for the Pharmaceutical industry, one in Haryana and one each in Tamil Nadu and Andhra Pradesh. One steam supply site was commissioned for a South Korea based Specialty Chemicals major in Gujarat and one steam supply site was also commissioned at a leading Confectionery company in Haryana. The company also commissioned its maiden effluent treatment facility for a Polyester major in Maharashtra and started supply of treated water. Operations have stabilized well and these new and existing plants are running satisfactorily.

The company won orders for utility supply in the year which includes (a) from one of the world's leading consumer goods companies for their plant in Gujarat, (b) a repeat order from a Specialty Chemicals company in Maharashtra and (c) another order from a leading edible oil manufacturing company in Maharashtra. The repeat orders reflect the confidence posed by the customers in the company. In addition the company won a rooftop solar based power supply order from a Pharmaceutical company in Maharashtra, further enhancing TOESL's portfolio.

The company also started making concentrated efforts in offering outsourced utilities in the international market and is in advanced stages of discussions with a MNC for its sites worldwide. Similarly, efforts are being made to develop more opportunities through MNCs. 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 AFFECTNG FINANCIAL POSITION OF THE COMPANY

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

HEALTH AND SAFETY

The company continues in its efforts to improve its Safety and Health standards. The company is 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.

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)

During the year, the following changes took place in the Key Managerial Personnel(s) of the Company. Ms. Shrinidhi Deopujari, Company Secretary and KMP resigned with effect from July 01, 2019 and Ms. Gunjan Chandratre was appointed as Company Secretary and KMP with effect from July 30, 2019. Further, Mr. Sriram Vishwanathan, Chief Executive Officer and KMP resigned with effect from May 17, 2020.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Hemant Mohgaonkar, Director retires by rotation and being eligible offers, himself for re-appointment. Further, Mr. Ishrat Mirza, Mr. Amitabha Mukhopadhyay & Mr. M.S. Unnikrishnan resigned w.e.f. April 30, 2019, May 31, 2019 and April 22, 2020 respectively. Mr. Rajendran Arunachalam was appointed w.e.f. July 29, 2019. Mr. Ashish Bhandari was also appointed as an Additional Director w.e.f. June 8, 2020.

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 30, 2019, July 30, 2019, November 4, 2019 and January 29, 2020 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 April 30, 2019, July 30, 2019, November 4, 2019 and January 29, 2020. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Mr. Sanjay Parande (Chairman), Dr. Sundar Parthasarathy and Mr. Rajendran Arunachalam.

NOMINATION AND REMUNERATION COMMITTEE

The Committee met twice during the year on July 30, 2019 and January 29, 2020, where all the members were present. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Dr. 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 29, 2020, where all the members were present. The Committee comprises of 3 (Three) members, namely Mr. Rajendran Arunachalam (Chairman), Dr. 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, are 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. lakh)
Foreign exchange earnings	NIL
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

SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/E300003) have been appointed as Statutory Auditors of the Company for a period of Five years commencing from the 10th Annual General Meeting (AGM) until the conclusion of the 15th Annual General Meeting.

ACKNOWLEDGEMENTS

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

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

	Rajendran Arunachalam	**Hemant Mohgaonkar**
	Director	Director
Pune, June 8, 2020	DIN: 08446343	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.164 of the Companies Act, 2013.

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

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

(2) Remuneration:

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

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

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

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

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

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

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

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

ANNEXURE 2

ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY

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

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

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

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

The holding company has created a formal structure to design and implement its CSR program 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. Rajendran Arunachalam (Chairman)
2. Mr. Sanjay Parande
3. Dr. 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. 13.832 crore.

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

Prescribed CSR Expenditure is Rs. 27.67 lakh (2% of Rs. 13.832 crore.). Amount contributed to Thermax Foundation is Rs. 27.67 lakh.

5. Details of CSR spent during the financial year.

a) Total amount donated: Rs. 27.67 lakh

b) Total amount to be spent for the financial year Rs.27.67 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.

Dr. Sundar Parthasarathy
(Member of the CSR Committee)
DIN: 00119337

Mr. Rajendran Arunachalam
(Chairman of the CSR Committee)
DIN: 08446343

ANNEXURE 3

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[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	:	NDML RTA Division 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	82
2	Other professional, scientific and technical activities	74909	10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
1	Thermax Limited D-13, M.I.D.C. Industrial Area, R.D. Aga Road, Chinchwad, Pune - 411 019	L29299MH1980PLC022787	Holding	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)	NIL								
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub total(B)(1):	–	–	–	–	–	–	–	–	–
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	NIL								
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital 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)	**0**	**18650000**	**18650000**	**100**	**18649994**	**6**	**18650000**	**100**	**0**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		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**	**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 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
		No. of Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% change in share holding during the year
	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				

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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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

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 (01.04.2019)					
i)	Principal Amount	279.97	–	–	279.97
ii)	Interest due but not paid	0	–	–	0
iii)	Interest accrued but not due	0.15	–	–	0.15
	Total (i+ii+iii)	**280.12**	**–**	**–**	**280.12**
	Change in indebtedness during the financial year				
	Addition	1212.00	–	–	1212.00
	Reduction	279.97	–	–	279.97
	Net Change	**932.03**	**–**	**–**	**932.03**
Indebtedness at the end of the financial year (31.03.2020)					
i)	Principal Amount	1212.00	–	–	1212.00
ii)	Interest due but not paid	–	–	–	
iii)	Interest accrued but not due	8.54	–	–	8.54
	Total (i+ii+iii)	**1220.54**	**–**	**–**	**1220.54**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. lakh)

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

B. Remuneration to other directors: (Amount in Rs. lakh)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	**Sanjay Parande**	**Sundar Parthasarathy**		–
	Fee for attending board / committee meetings	4.80	4.80		9.60
	Commission	–	–		–
	Others, please specify	–	–		–
	Total(1)	**4.80**	**4.80**		**9.60**
2.	Other Non-Executive Directors	**Rajendran Arunachalam**	**Hemant Mohgaonkar**	**M. S. Unnikrishnan**	
	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				
	Overall 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 upto 30th June 2019 (Shrinidhi Deopujari)	Company Secretary from June 6th 2019 (Gunjan Chandratre)	Chief Financial Officer (Ajit Sharma)	Total
1.	Gross salary					
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961	51.41	3.80	3.25	18.73	77.19
	(b) Value of perquisites u/s 17 (2) Income-tax Act,1961	2.66	–	–	–	2.66
	(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	**54.07**	**3.80**	**3.25**	**18.73**	**79.85**

VII. Penalties /Punishment/ compounding of offences:

Sl. no.	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give Details)
a)	Company					
	Penalty					
	Punishment					
	Compounding					
b)	Directors					
	Penalty					
	Punishment			NIL		
	Compounding					
c)	Other Officers in Default					
	Penalty					
	Punishment					
	Compounding					

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

Place: Pune

Date: June 8, 2020

Rajendran Arunachalam
Director
DIN: 08446343

Hemant Mohgaonkar
Director
DIN: 01308831

INDEPENDENT AUDITOR'S REPORT

To the Members of **Thermax Onsite Energy Solutions Limited**

Report on the Audit of the accompanying 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 2020, 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 accompanying Ind AS 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 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, 2020, 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 accompanying 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 accompanying 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 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 accompanying Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 36 of the accompanying financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of inventory, lease receivables and accounts receivables as at March 31, 2020 and the operations of the Company. Our opinion is not modified in respect of this matter.

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 Director's report including annexure to the director's report of the annual report of the company, 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 accompanying 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 accompanying Ind AS 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 accompanying 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 accompanying 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 Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the accompanying 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 accompanying 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the accompanying Ind AS financial statements, including the disclosures, and whether the accompanying 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

The accompanying Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 30, 2019.

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

   (e) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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, 2020 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 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABF3880

Place of Signature: Pune
Date: June 08, 2020

Annexure 1 as referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Thermax 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 were physically verified by the management in the previous year, 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 management has conducted physical verification of inventory at reasonable intervals during the year (except material and other components which are to be leased to customers under finance lease arrangement) and no material discrepancies noted on such physical verification.

(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 Companies Act 2013 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 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 Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of provident fund.

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

(c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management the Company has defaulted in repayment of dues to financial institutions. Repayment amounting to Rs 23,72,249 became due for on February 15, 2020 which were paid by the Company on February 17, 2020. The Company did not have any loans or borrowing in respect to government during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(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 material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

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

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

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

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABF3880

Place of Signature: Pune
Date: June 08, 2020

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 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, 2020 in conjunction with our audit of the accompanying 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 with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Ind As financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these Ind AS financial statements as of March 31, 2020 and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as of March 31, 2020, 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 20213935AAAABF3880

Place of Signature: Pune
Date: June 08, 2020

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Balance Sheet as at March 31, 2020

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	126.29	50.22
Intangible assets	4 (b)	3.56	2.19
Financial assets:			
(a) Lease receivable	8 (a)	5,888.91	4,752.34
(b) Other financial assets	8 (b)	101.00	–
Other non-current assets	10	–	217.91
Total non-current assets		**6,119.76**	**5,022.66**
II. Current assets			
Inventories	11	1,566.86	1,343.59
Financial assets:			
(a) Investments	5	202.41	1,762.87
(b) Trade receivables	6	1,179.58	808.58
(c) Cash and bank balances	12 (a)	393.81	78.48
(d) Loans and advances	7	0.01	0.23
(e) Lease receivable	8 (a)	929.49	562.74
(f) Other financial assets	8 (b)	21.11	–
Income tax asset (net)		54.09	–
Other current assets	10	675.29	138.53
Total current assets		**5,022.65**	**4,695.02**
Total assets		**11,142.41**	**9,717.68**
Equity and liabilities			
III. Equity			
Equity share capital	13	1,865.00	1,865.00
Other equity	14	4,197.20	4,059.84
Total equity		**6,062.20**	**5,924.84**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	15	1,147.50	–
(b) Other financial liabilities	17	707.57	465.56
Deferred tax liabilities (net)	9	209.17	385.10
Other non-current liabilities	19	1,402.03	1,358.84
Total non-current liabilities		**3,466.27**	**2,209.50**
V. Current liabilities			
Financial liabilities			
(a) Trade payables	16		
i. total outstanding dues of micro enterprises and small enterprises		31.42	4.70
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		934.70	878.52
(b) Other financial liabilities	17	215.05	478.08
Other current liabilities	19	325.39	106.35
Provisions	18	61.65	39.94
Income tax liabilities (net)		45.73	75.75
Total current liabilities		**1,613.94**	**1,583.34**
Total equity and liabilities		**11,142.41**	**9,717.68**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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 Onsite Energy Solutions Limited

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Sanjay Parande
Director
DIN: 07161299

Place: Pune
Date: June 08, 2020

Gunjan Chandratre
Company Secretary

Ajit Sharma
Chief Financial Officer

Statement of profit and loss for the year ended March 31, 2020

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

Particulars	Note	March 31, 2020	March 31, 2019
Income			
Revenue from operations	20	12,798.56	10,060.75
Other income	21	85.84	117.15
Total Income (I)		**12,884.40**	**10,177.90**
Expenses			
Cost of raw materials and components consumed	22 (a)	9,464.01	6,845.13
Purchase of traded goods		–	23.74
Increase in inventories of work-in-progress and traded goods	22 (b)	(207.86)	54.05
Employee benefits expense	23	555.74	505.92
Finance cost	24	88.46	69.59
Depreciation and amortisation expense	25	33.64	27.39
Other Expenses	26 (a)	1,527.90	1,060.47
Total expenses (II)		**11,461.89**	**8,586.29**
Profit before tax (III) = (I-II)		**1,422.51**	**1,591.61**
Tax expense			
Current tax	9	332.30	445.80
Deferred tax (net)	9	(174.77)	4.57
Total tax expense (IV)		**157.53**	**450.37**
Profit for the year (V) = (III-IV)		**1,264.98**	**1,141.24**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	29	(4.60)	0.53
Less: Income tax effect	9	1.16	(0.15)
Net other comprehensive income for the year (net of tax)		**(3.44)**	**0.38**
Total comprehensive income for the year		**1,261.54**	**1,141.62**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2019: Rs. 10/-)]	27	**6.78**	**6.12**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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 Onsite Energy Solutions Limited

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Sanjay Parande
Director
DIN: 07161299

Place: Pune
Date: June 08, 2020

Gunjan Chandratre
Company Secretary

Ajit Sharma
Chief Financial Officer

Cash flow statement for the year ended March 31, 2020

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

Particulars	Note	March 31, 2020	March 31, 2019
A) Cash flows from operating activities			
Profit before tax		1,422.51	1,591.61
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	25	33.64	27.39
Provision for impairment allowance of financial assets (net)	26 (a)	0.00	(12.13)
Interest expenses	24	36.74	42.65
Unwinding of discount	24	51.72	26.94
Bad debts written off	26 (a)	14.51	13.48
Loss/(profit) on sale/discard of assets (net)		15.23	0.03
Amortisation of prepaid lease rental	20 (a)	(67.62)	(42.09)
Interest income	21	(2.55)	(12.55)
Fair value gain on financial instrument at fair value through profit & loss (net)	21	(49.53)	(62.87)
Liabilities no longer required written back	21	(22.90)	(6.15)
Working capital adjustments			
(Increase) in trade receivables		(385.51)	(219.27)
(Increase) in inventories		(223.27)	(27.93)
(Increase) in other assets		(318.85)	(39.13)
(Increase) / Decrease in other financial assets		(19.81)	1.31
Increase in trade payables		105.80	79.40
Increase in other liabilities		329.85	392.15
Increase / (Decrease) in provisions		17.11	(77.94)
Increase in other financial liabilities		134.34	171.51
Cash generated from/ (used in) operations		**1,071.41**	**1,846.41**
Direct taxes paid (net of refunds received)		(416.41)	(416.42)
Net cash flows from/ (used in) operating activities		**655.00**	**1,429.99**
B) Cash flows from/ (used in) investing activities			
Purchase of fixed assets (net)		(111.08)	55.60
Net movement in finance lease receivables		(1,518.55)	(722.75)
Sale/ (purchase) of other investments (net)		1,609.99	(1,700.00)
Interest received		1.47	22.81
Proceeds from fixed deposits/(investment) in fixed deposits		(101.00)	322.00
Net cash flows (used in) investing activities		**(119.17)**	**(2,022.34)**
C) Cash flows from/ (used in) financing activities			
Proceeds from borrowings		1,212.00	0.00
Repayment of borrowings		(279.97)	(279.98)
Interest paid		(28.35)	(42.50)
Dividend paid and tax thereon		(1,124.18)	0.00
Net cash flows (used in) financing activities		**(220.50)**	**(322.48)**
Net increase / (decrease) in cash and bank balances		**315.33**	**(914.83)**
Cash and bank balances at the beginning of the year		78.48	993.31
Cash and bank balances at the end of the year		**393.81**	**78.48**

Reconciliation of cash and bank balances as per the cash flow statement:

	Note	March 31, 2020	March 31, 2019
Cash and bank balances	12 (a)	393.81	78.48
Balances as per statement of cash flows		**393.81**	**78.48**

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 Onsite Energy Solutions Limited

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Sanjay Parande
Director
DIN: 07161299

Place: Pune
Date: June 08, 2020

Gunjan Chandratre
Company Secretary

Ajit Sharma
Chief Financial Officer

Statement of changes in Equity for the year ended March 31, 2020

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

A EQUITY SHARE CAPITAL

Particulars	Notes	March 31, 2020	March 31, 2019
Balance at the beginning of the reporting year	13	1,865.00	1,865.00
Changes in equity shares capital during the year	13	–	–
Balance at the end of the reporting year	13	1,865.00	1,865.00

B OTHER EQUITY

Particulars	Reserves & Surplus	
	Retained Earnings	Total
As at April 1, 2018	**2,918.22**	**2,918.22**
Profit for the year	1,141.24	1,141.24
Other Comprehensive Income (net)	0.38	0.38
Total comprehensive income	**1,141.62**	**1,141.62**
As at March 31, 2019	**4,059.84**	**4,059.84**
Profit for the year	1,264.98	1,264.98
Other Comprehensive Income	(3.44)	(3.44)
Total comprehensive income	**1,261.54**	**1,261.54**
Dividends paid	(932.50)	(932.50)
Dividend distribution tax paid	(191.68)	(191.68)
As at March 31, 2020	**4,197.20**	**4,197.20**

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 Onsite Energy Solutions Limited

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Rajendran Arunachalam
Director
DIN: 08446343

Sanjay Parande
Director
DIN: 07161299

Place: Pune
Date: June 08, 2020

Gunjan Chandratre
Company Secretary

Ajit Sharma
Chief Financial Officer

Notes to financial statements for the year ended March 31, 2020

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

1. Corporate information

Thermax Onsite Energy Solutions Limited ('the Company') is a public company incorporated and domiciled in India. The Company offers sustainable solutions, essentially renewable in nature, for utilities namely steam, heat, chilled water (Cooling), Water and Wastewater, Power and Combined Heat and Power, through outsourced utility delivery services based on the Build-Own-Operate (BOO/T) business model. The Company currently only caters to the domestic market. The CIN of the Company is U40109PN2009PLC134659. These Financial Statements were authorized for issue in accordance with the resolution by the Board of Directors on June 08, 2020.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These financials statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Act) as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumptions. 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 whereby the plan assets are measured at fair value

2.2. Changes in accounting policies and disclosures

The Company has adopted Ind AS 116 w.e.f. April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described below:

Ind AS 116 was issued on March 30, 2019 and mainly supersedes Ind AS 17 Lease. Ind AS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Ind AS 116 does not change substantially how a lessor accounts for leases. Under Ind AS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

On transition to Ind AS 116, the Company has elected to adopt the new leasing standard as per modified prospective approach. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2019.

Several other amendments and interpretations apply for the first time in March 2020, but do not have an impact on the 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. 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 realization in cash and cash equivalents, the Company has ascertained its normal 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 financial statements are prepared in INR, which is the also the functional currency of the Company.

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 is 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 significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 31)
- Financial instruments (including those carried at amortized cost) (note 5, 6, 7, 8, 15, 16, 17 and 31)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Property, Plant and Equipment

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified 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	3 to 6	3 to 6
Vehicles	6 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. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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)
Computer software	3 to 5

f. Inventories

Raw materials 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 of raw materials is arrived at on the basis of weighted average cost.

Work in progress inventory is 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.

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

i. Revenue from contract with customer

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 Company identifies distinct performance obligations in each contract. The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Since the consideration is inclusive of the lease component, the stand-alone selling price is not directly observable. Hence, the Company estimates the standalone selling price by considering all the information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Company.

Revenue from sale of utilities is recognised at the point in time when control of the asset is transferred to the customer, generally on supply of the utilities. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Company has identified maintenance of leased assets as separate performance obligation. Revenue for such obligation is recognized over the period in which the service is provided based on the actual expenditure incurred.

Contract balances

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).

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. Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue.

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

ii. 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.

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:

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.

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, lease receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance.

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 or payables as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, employee payables and trade deposits. 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. All the financial liabilities of the Company are classified under the amortised cost category. 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 of 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. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

j. Share capital

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

k. Income tax

Current income-tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

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

Company as a lessee

The Company's leases primarily consist of leases for buildings and office equipment's. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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. The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices.

At the inception of the lease, a Company recognize the following for each of its finance leases:

(a) revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;

(b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

(c) selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outright sales.

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.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

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

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

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.

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 Chief Executive Officer as the chief executive decision maker of the Company.

r. Contingent liability

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

s. Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

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.

3. Significant accounting judgements, 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.

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. Determining whether an arrangement contains a lease and its classification

A significant portion of the Company's business relates to leasing of assets under various arrangements. This requires the management to make judgements with respect to whether the arrangement contains a lease based on the substance of the arrangement and an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company is also required to assess whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to classify the same as finance leases requiring significant judgements.

ii. Segment reporting

Ind AS 108 'Operating Segments' requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the CODM is the Chief Executive Officer, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Board of Directors to assess performance and allocate resources. The 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.

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. Segregation of lease and non-lease components of the consideration

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract in accordance with Ind AS 115. The standard requires allocation of the transaction price to each performance obligation (or distinct good or service) in a way that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. This requires the management to make significant estimates around the amount of consideration to which the entity expects to be entitled.

The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Since the consideration is inclusive of the lease component, the stand-alone selling price is not directly observable. Hence, the Company estimates the standalone selling price by considering all the information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Company.

Except when the Company has observable evidence in accordance with Ind AS 115 that the entire discount relates to only one or more, but not all, performance obligations in a contract, the Company allocates a discount proportionately to all performance obligations in the contract. The proportionate allocation of the discount in those circumstances is a consequence of the Company allocating the transaction price to each performance obligation on the basis of the relative standalone selling prices of the underlying distinct goods or services.

Notes to financial statements for the year ended March 31, 2020

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

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 29.

iii. Maintenance cost

These costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs and servicing cost of machinery installed at customer site. Management estimates the related provision for future maintenance costs based on historical incurred cost 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. Refer note 19 for further details.

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

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2.3(d) and 2.3(e) above for further details.

4(a) Property, Plant and Equipment

Particulars	Plant and equipment*	Office Equipment	Computer	Vehicles	Total
Gross carrying amount as at April 1, 2018**	**100.56**	**1.54**	**21.28**	**8.26**	**131.64**
Additions	7.68	0.68	11.80	13.05	33.21
Disposals	–	–	(0.59)	–	(0.59)
Gross carrying amount as at March 31, 2019	**108.24**	**2.22**	**32.49**	**21.31**	**164.26**
Additions	91.92	10.30	8.70	–	110.92
Disposals	(3.46)	–	(0.85)	–	(4.31)
Gross carrying amount as at March 31, 2020	**196.70**	**12.52**	**40.34**	**21.31**	**270.87**
Accumulated depreciation as at April 1, 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)
Accumulated depreciation as at March 31, 2019	**91.12**	**0.57**	**20.35**	**2.00**	**114.04**
Charge for the year	23.04	0.25	6.24	3.21	32.74
Disposals	(1.41)	–	(0.79)	–	(2.20)
Closing accumulated depreciation as at March 31, 2020	**112.75**	**0.82**	**25.80**	**5.21**	**144.58**
Net Block as at March 31, 2020	**83.95**	**11.70**	**14.54**	**16.10**	**126.29**
Net Block as at March 31, 2019	**17.12**	**1.65**	**12.14**	**19.31**	**50.22**

*A portion of plant and equipment relates to assets categorised as assets leased on operating lease arrangements. Refer note 34 (b)

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

4(b) Intangible Assets

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2018	–	–
Additions	3.01	3.01
Gross carrying amount as on March 31, 2019	**3.01**	**3.01**
Additions	3.26	3.26
Disposals	(1.57)	(1.57)
Gross carrying amount as on March 31, 2020	**4.70**	**4.70**
Accumulated amortisation as at April 1, 2018	–	–
Charge for the year	0.82	0.82
Accumulated amortisation as at March 31, 2019	**0.82**	**0.82**
Charge for the year	0.90	0.90
Disposals	(0.58)	(0.58)
Closing accumulated amortisation as at March 31, 2020	**1.14**	**1.14**
Net Block as at March 31, 2020	**3.56**	**3.56**
Net Block as at March 31, 2019	**2.19**	**2.19**

5 Investments

Particulars	Face value per unit	Number of units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investments in mutual funds :					
Investments at fair value through profit and loss					
Liquid/ liquid Plus and duration funds (unquoted)					
Tata liquid fund - direct - growth	Rs.1,000	5,123	15,066	160.45	443.60
Tata money market fund - direct - growth	Rs.1,000	–	6,069	–	195.61
L&T liquid fund - direct - growth	Rs.1,000	–	11,921	–	305.49
ICICI pru liquid fund - direct - growth	Rs. 100	10,542	151,045	30.97	417.51
Aditya birla sunlife liquid fund - direct - growth	Rs. 100	1,749	66,683	5.59	200.34
HDFC liquid fund - direct - growth	Rs.1,000	138	5,446	5.40	200.32
Total current investments				**202.41**	**1,762.87**
Aggregate amount of quoted investments and market value thereof				–	–
Aggregate amount of unquoted investments				202.41	1,762.87
Aggregate amount of impairment in the value of investments				–	–

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 31 for determination of their fair values.

Notes to financial statements for the year ended March 31, 2020

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

6 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from:	–	–
i) Related parties (note 30)	–	0.23
ii) Others	1,179.58	808.35
Total	**1,179.58**	**808.58**
Sub-classification of trade receivables		
Secured, considered good	–	–
Unsecured, considered good	1,179.58	808.58
Trade receivables which have a significant increase in credit risk	–	–
Trade receivables - credit impaired	–	–
	1,179.58	**808.58**
Less: Impairment allowance	–	–
Total	**1,179.58**	**808.58**

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.

All outstanding balances are unsecured and repayable in cash. Trade receivables are non-interest bearing and are normally settled on credit terms of 7 to 45 days.

For terms and conditions relating to related party receivables, refer note 30.

7 Loans and advances

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
At amortized cost		
Loans to employees	0.01	0.23
Total	**0.01**	**0.23**

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) Lease receivable

Particulars	Non -current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good				
At amortized cost				
Finance lease receivables*	5,888.91	4,752.34	929.49	562.74
Total	**5,888.91**	**4,752.34**	**929.49**	**562.74**

*Lease receivables amounting to Rs 559.76 (March 31, 2019 Rs. 1,242.34) have been hypothecated against borrowings. Refer note 15.

8 (b) Other financial assets

Particulars	Non -current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good				
At amortized cost				
Bank deposits with maturity of more than 12 months **	101.00	–	–	–
Interest accrued on bank deposits and others	–	–	1.08	–
Others #	–	–	20.03	–
Total	**101.00**	**–**	**21.11**	**–**

** Deposits, which are against a charge, are for a term less than 12 months and shall be renewed on maturity as they are given against a borrowing. Hence, the same are treated as a non-current asset.

#Others includes amounts recoverable from vendors.

9 Income Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
Current tax	332.30	445.80
Deferred tax (income)/ expense	(174.77)	4.57
Income tax expense reported in the statement of profit and loss	**157.53**	**450.37**

Other comprehensive income

Particulars	March 31, 2020	March 31, 2019
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on remeasurements of defined benefit plans	(1.16)	0.15
Deferred tax charged / (credited) in other comprehensive income	**(1.16)**	**0.15**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax	1,422.51	1591.61
At India's statutory income tax rate of 25.17% (March 31, 2019: 29.12%)	358.05	463.48
Reversal of excess provision of earlier years	(70.00)	–
Impact of change in tax rate for future period*	(116.38)	–
Other differences (includes differences on account of CSR disallowances etc.)	(14.14)	(13.11)
Effective tax	**157.53**	**450.37**
Income tax expense reported in the statement of profit or loss	**157.53**	**450.37**

*The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, the Company has recognised provision for income tax for the year and re-measured its deferred tax liability basis the rate prescribed in the said section.

Deferred tax

Statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
Deferred tax relates to the following :		
Consequence of differences in tax base of assets and finance lease receivables	268.62	82.26
On unearned revenue*	(90.32)	(63.45)
Others (impact on account of temporary differences)	(3.53)	(23.38)
Deferred tax (income)/expense	**174.77**	**(4.57)**

Deferred tax

Balance sheet

Particulars	March 31, 2020	March 31, 2019
Deferred tax relates to the following :		
Consequence of differences in tax base of assets and finance lease receivables	(468.84)	(737.46)
On unearned revenue*	257.83	348.15
Others (impact on account of temporary differences)	1.84	4.21
Net deferred tax liabilities	**(209.17)**	**(385.10)**

*includes revenue remaining unearned for the portion attributable to maintenance of leased equipment constructed at customer premises under finance lease arrangements.

Notes to financial statements for the year ended March 31, 2020

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

Reconciliation of deferred tax liabilities

Particulars	March 31, 2020	March 31, 2019
Opening balance	385.10	380.38
Tax expense / (income) during the period recognised in profit or loss	(174.77)	4.57
Tax expense / (income) during the period recognised in OCI	(1.16)	0.15
Closing balance	**209.17**	**385.10**

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.

During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution taxes (DDT) to the taxation authorities. The company believes that DDT represents additional payment to the taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

10 Other assets

Particulars	Non -current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured considered good				
Balances with government authorities	–	217.91	376.90	–
Advances to suppliers	–	–	41.76	48.15
Advances to staff and workers	–	–	2.35	0.78
Advance to group companies (note 30)	–	–	249.83	86.17
Prepaid expenses	–	–	4.45	3.43
Total	**–**	**217.91**	**675.29**	**138.53**

11 Inventories (valued at lower of cost and net realizable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	173.62	158.21
Work in progress*^	1,393.24	1,185.38
Total	**1,566.86**	**1,343.59**

* Includes purchase of machinery and other components which are to be leased to customers under finance lease arrangements.

^Inventory amounting to Rs. 891.19 (March 31, 2019 Rs. Nil) has been hypothecated against borrowings. Refer note 15.

12(a) Cash and bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- in current accounts	393.81	78.48
Total	**393.81**	**78.48**

12(b) Changes in liabilities arising from financing activities

Particulars	Borrowings	Interest accrued
As on April 1, 2018	559.95	0.30
Cash flow	(279.98)	(42.50)
Other	–	42.35
As on March 31, 2019	**279.97**	**0.15**
Cash flow	932.03	(28.35)
Other	–	36.74
As on March 31, 2020	**1,212.00**	**8.54**

13 Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized shares (Nos)		
20,000,000 (March 31, 2019: 20,000,000) 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)		
18,650,000 (March 31, 2019: 18,650,000) 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

Particulars	No. of Shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2018	18,650,000	1,865.00
Changes during the year	–	–
As at March 31, 2019	18,650,000	1,865.00
Changes during the year	–	–
As at March 31, 2020	**18,650,000**	**1,865.00**

(b) Terms/ rights attached to equity shares

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

(c) Equity share capital held by holding company

Particulars	As at March 31, 2020	As at March 31, 2019
Thermax Limited		
18,650,000 (March 31, 2019: 18,650,000) equity shares of Rs. 10/- each fully paid up	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

Particulars	As at March 31, 2020	As at March 31, 2019
Thermax Limited		
%	100%	100%
No. of shares	18,650,000	18,650,000

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

Notes to financial statements for the year ended March 31, 2020

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

14(a) Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Reserves and Surplus		
Retained earnings		
Opening balance	4,059.84	2,918.22
Add: Profit for the year	1,264.98	1,141.24
Less: Dividend paid	(932.50)	–
Less: Tax on dividend	(191.68)	–
Movement during the year	**140.80**	**1,141.24**
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations, net of tax Rs. 1.16 (March 31, 2019 : Rs. 0.15)	(3.44)	0.38
Net surplus in the statement of profit and loss	**4,197.20**	**4,059.84**
Total	**4,197.20**	**4,059.84**

14(b) Distribution made and proposed

Particulars	As at March 31, 2020	As at March 31, 2019
Cash dividend on equity shares declared and paid:		
Final dividend for the year 2018-19: Rs. 5 per share (2017-18: Rs. Nil per share)	932.50	–
Dividend Distribution Tax on the above	191.68	–
	1,124.18	**–**
Proposed dividend on equity shares:		
Proposed dividend for the year 2019-20: Rs. Nil per share (2018-19: Rs. 5 per share)	–	932.50
Dividend Distribution Tax on the above	–	191.68
	–	**1,124.18**

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.

15 Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Term loan (Secured)		
Indian rupee loan from financial institution (refer note a below)	–	279.97
Indian rupee loan from banks (refer note b below)	1,212.00	–
Less : Current maturities of long term borrowings (included in note 17)	(64.50)	(279.97)
Total	**1,147.50**	**–**

a. Indian rupee loan from financial institution carried an effective interest rate ranging between 9.9% -11%. The loan was repayable in 60 monthly instalments along with interest, from the date of loan. The loan had a moratorium period of 12 months for repayment of principal. The loan was secured by first charge on plant and machinery (finance lease receivable) and escrow of cashflow for the specific project for which such facility was availed. The loan stood repaid as at March 31, 2020.

b. Indian rupee loan from bank carries an effective interest rate ranging between 8.3% -8.7%. The loan has been availed for 60 months and it is repayable in 48 monthly instalments along with interest, from the date the moratorium period ends. The loan has a moratorium period of 12 months for repayment of principal. The loan is secured by first charge on plant and machinery (finance lease receivable), an escrow of cashflow for the specific project for which such facility was availed and fixed deposit of 3 months principal and interest of the value of loan availed.

16 Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	31.42	4.70
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 30)	366.64	473.06
(ii) Others	568.06	405.46
Total	**966.12**	**883.22**

For terms and conditions with related parties, refer note 30.

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

Particulars	March 31, 2020	March 31, 2019
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	28.56	4.42
-Interest due thereon	0.50	0.28
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	126.92	–
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	1.92	–
The amount of interest accrued and remaining unpaid at the end of each accounting year	2.42	0.44
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	2.86	–

17 Other financial liabilities

Particulars	Non -current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Trade deposits *	707.57	465.56	–	–
Current maturities of long-term borrowings (note 15)	–	–	64.50	279.97
Interest accrued but not due on loans	–	–	8.54	0.15
Employee related payables	–	–	142.01	197.96
Total	**707.57**	**465.56**	**215.05**	**478.08**

* Including deposits payable to related parties. Refer note 30.

Notes to financial statements for the year ended March 31, 2020

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

18 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 29)	17.14	7.09
Provision for leave encashment	44.51	32.85
Total	**61.65**	**39.94**

19 Other liabilities

Particulars	Non -current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Prepaid lease rentals	577.36	362.41	82.99	54.02
Unearned revenue*	824.67	996.43	199.70	–
Statutory dues and other liabilities**	–	–	42.70	52.33
Total	**1,402.03**	**1,358.84**	**325.39**	**106.35**

*includes revenue remaining unearned for the portion attributable to maintenance of leased equipment constructed at customer premises under finance lease arrangements.

** includes tax deducted at source, provident fund, professional tax and goods and services tax.

20 Revenue from operations

a) Revenue from contracts with customers:

Particulars	March 31, 2020	March 31, 2019
Revenue from operations		
Sale of products	9,126.84	7,987.13
Sale of leased assets *	2,776.46	1,327.64
Finance income on leased assets	827.32	703.73
	12,730.62	**10,018.50**
Other operating revenue		
Sale of scrap	0.32	0.16
Amortisation of prepaid lease rental	67.62	42.09
	67.94	**42.25**
Revenue from operations (net)	**12,798.56**	**10,060.75**

* pertains to sale of equipment to customers under finance lease arrangements.

b) Disclosure pursuant to Ind AS 115: Revenue from contracts with customers:

i) Revenue by category of contracts:

Particulars	March 31, 2020	March 31, 2019
Over a period of time basis	169.63	28.68
At a point-in-time basis	11,733.67	9,286.09
Total revenue from contracts with customers	**11,903.30**	**9,314.77**

Revenue by geographical market:

Particulars	March 31, 2020	March 31, 2019
Within India	11,903.30	9,314.77
Outside India	–	–
Total revenue from contracts with customers	**11,903.30**	**9,314.77**

ii) Contract balances:

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

Particulars	March 31, 2020	March 31, 2019
Trade receivables (note 6)	1,179.58	808.58
Non current unearned revenue (Contract liability) (note 19)	824.67	996.43
Current unearned revenue (Contract liability) (note 19)	199.70	–

The contract liabilities relate to unearned revenue 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 liabilities balance at the beginning of the year: "

Particulars	March 31, 2020	March 31, 2019
Unearned revenue (Contract liability) (note 26(a))	169.63	28.68

iv) Changes in unearned revenue for the year:

The explanation of the significant changes in the unearned balances during the reporting year is presented in the table below:-

Particulars	March 31, 2020	March 31, 2019
Opening unearned revenue (refer note 19)	**996.43**	**814.82**
-Increase in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	197.57	210.29
-Decrease in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	(169.63)	(28.68)
Closing unearned revenue (refer note 19)	**1,024.37**	**996.43**

v) 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, 2020	March 31, 2019
Amount of revenue yet to be recognised for performance obligations remaining to be completed	11,004.42	15,069.00

*The Company has disclosed remaining performance obligation expected to be fulfilled in next 12 months. However, the contracts with customers for supply of utilities are for a longer period.

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

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

c) The company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties relating to revenue in future period.

Notes to financial statements for the year ended March 31, 2020

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

21 Other income

Particulars	March 31, 2020	March 31, 2019
Interest income from financial assets at amortised cost		
Bank deposits	2.53	12.55
Others	0.02	0.02
Liabilities no longer required written back	22.90	6.15
Fair value gain on financial instrument at fair value through profit and loss (net)	49.53	62.87
Miscellaneous income*	10.86	35.56
Total	**85.84**	**117.15**

* Includes rental income on a lease arrangement classified as an operating lease. Refer note 34 (b)

22(a) Cost of raw material and components consumed

Particulars	March 31, 2020	March 31, 2019
Inventories at the beginning of the year	158.21	130.28
Add: Purchases *	9,479.42	6,873.06
	9,637.63	**7,003.34**
Inventories at the end of the year	173.62	158.21
Total	**9,464.01**	**6,845.13**

* Includes purchase of machinery and other components which are used to construct plants which are leased to customers under finance lease arrangements

22(b) (Increase)/ Decrease in inventories of work-in-progress

Particulars	March 31, 2020	March 31, 2019
Inventories at the beginning of the year	1,185.38	1,239.43
Less: inventories at the end of the year	1,393.24	1,185.38
Total	**(207.86)**	**54.05**

23 Employee benefits expense

Particulars	March 31, 2020	March 31, 2019
Salaries,wages and bonus	501.61	457.46
Contribution to provident and other funds	34.67	30.48
Gratuity expense (refer note 29)	6.57	6.08
Staff welfare expenses	12.89	11.90
Total	**555.74**	**505.92**

24 Finance costs

Particulars	March 31, 2020	March 31, 2019
Interest expense	36.74	42.65
Unwinding of discount	51.72	26.94
Total	**88.46**	**69.59**

25 Depreciation and amortization expense

Particulars	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (note 4a)	32.74	26.57
Amortization of intangible assets (note 4b)	0.90	0.82
Total	**33.64**	**27.39**

26(a) Other expenses

Particulars	March 31, 2020	March 31, 2019
Consumption of stores and spare parts	85.33	69.86
Site expenses and contract labour charges	1,037.80	794.47
Rent	3.78	4.15
Rates and taxes	1.00	1.00
Insurance	24.16	10.34
Repairs and maintenance		
Plant and machinery	0.78	1.28
Leased assets	169.63	28.68
Others	1.24	3.54
Travelling and conveyance	63.23	54.27
Legal and professional fees (includes payment to Auditor (refer note (b))	46.23	38.45
Bad debts/ advances written off	14.51	13.48
Provision for doubtful debts (net)	–	(12.13)
CSR expenditure (refer note (c))	27.67	19.50
Miscellaneous expenses	52.54	33.58
Total	**1,527.90**	**1,060.47**

(b) Payment to auditors

Particulars	March 31, 2020	March 31, 2019
As auditor:		
Audit fees	9.00	2.75
Tax audit fees	–	0.75
In other capacity:		
Taxation matters	–	0.60
Other services (certification fees)	–	0.07
Reimbursement of expenses	0.29	0.28
Total	**9.29**	**4.45**

(c) Corporate Social Responsibility (CSR)

Particulars	March 31, 2020	March 31, 2019
Gross amount required to be spent by the Company during the year	27.67	19.50
Total	**27.67**	**19.50**

Amount spent during the year

Particulars	In cash	To be spent	Total
During the year ended March 31, 2020			
a. Construction/ acquisition of any asset	–	–	–
b. On purposes other than (a) above *	27.67	–	27.67
Total	**27.67**	**–**	**27.67**
During the year ended March 31, 2019			
a. Construction/ acquisition of any asset	–	–	–
b. On purposes other than (a) above *	19.50	–	19.50
Total	**19.50**	**–**	**19.50**

* The amount actual spent is Rs. 27.67 (March 31,2019: Rs. 19.50) which has been contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India).

27 Earnings per share

Particulars	March 31, 2020	March 31, 2019
Net profit after tax attributable to the equity shareholders	1,264.98	1,141.24
Weighted average number of equity shares of Rs.10/- each	18,650,000	18,650,000
Basic and diluted EPS	6.78	6.12

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

28 Contingent liabilities and commitments:

Capital and other commitments

a) Estimated amount of contracts remaining to be executed for assets which are to be leased to customers and are currently under commissioning (net of advances) and not provided for is Rs. 2,078.66 (March 31, 2019 Rs. 677.22).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 37.67 (March 31, 2019 Rs. Nil).

29 Gratuity

The Company operates a defined benefit plan of gratuity for its employees. Under the gratuity plan, every employee who has completed 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. 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, 2018	**43.58**	**(27.06)**	**16.52**
Current service cost	4.48	–	4.48
Interest expense/(income)	3.38	(1.78)	1.60
Total amount recognised in the statement of profit or loss	**7.86**	**(1.78)**	**6.08**
Experience (gain) / loss	(0.10)	–	(0.10)
Return on plan assets expense/(income)	–	(0.43)	(0.43)
Total amount recognised in Other Comprehensive Income	**(0.10)**	**(0.43)**	**(0.53)**
Employer contributions	–	(14.40)	(14.40)
Benefits paid	(0.58)	–	(0.58)
March 31, 2019	**50.76**	**(43.67)**	**7.09**
Current service cost	5.71	–	5.71
Interest expense/(income)	3.96	(3.10)	0.86
Total amount recognised in the statement of profit or loss	**9.67**	**(3.10)**	**6.57**
Experience (gain) / loss	1.90	–	1.90
(Gain)/loss from change in financial assumptions	3.45	–	3.45
Return on plan assets expense/(income)	–	(0.75)	(0.75)
Total amount recognised in Other Comprehensive Income	**5.35**	**(0.75)**	**4.60**
Employer contributions	–	(1.12)	(1.12)
Benefits paid	–	–	–
March 31, 2020	**65.78**	**(48.64)**	**17.14**

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

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	65.78	50.76
Fair value of plan assets	(48.64)	(43.67)
Net liability	**17.14**	**7.09**

III Significant assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.80%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.8% P.A.	7.8% P.A.
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	5%	5%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
Discount rate		
1.00% increase	Decrease by 3.46	Decrease by 2.51
1.00% decrease	Increase by 4.01	Increase by 2.83
Future salary increase		
1.00% increase	Increase by 3.32	Increase by 2.33
1.00% decrease	Decrease by 2.90	Decrease by 2.09
Attrition Rate		
1.00% increase	Increase by 0.06	Increase by 0.12
1.00% decrease	Decrease by 0.05	Decrease by 0.14

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, 2020	March 31, 2019
Within next 12 months	33.47	2.93
Between 2-5 years	10.20	37.47
Between 5-10 years	50.64	35.09

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.44 years (March 31, 2019: 11.36 years).

V The major categories of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with Insurer (LIC of India)	100.00%	100.00%

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

30 Related party disclosures

A Ultimate Holding Company

Sr. No.	Name of the entity	Place of business/ Country of incorporation
1	RDA Holdings Private Limited	India

B Holding Company

Sr. No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Limited	India

C Subsidiaries Companies of Holding Company

Related parties with whom transactions have taken place during the year and previous year :

Sr. No.	Name of the entity	Place of business/ Country of incorporation
1	PT Thermax International	Indonesia
2	First Energy Private Limited	India

D Key Management Personnel:

1 Mr. M. S. Unnikrishnan - Director
2 Mr. Hemant Mohgaonkar - Director
3 Mr. Amitabha Mukhopadhyay - Director (upto May 31, 2019)
4 Mr. Ishrat Hussain Mirza- Director (upto April 30, 2019)
5 Mr. Rajendran Arunachalam - Director (w.e.f. July 29, 2019)
6 Mr. Sanjay Parande - Independent Director
7 Mr. Sundar Parthasarathy - Independent Director
8 Mr. Sriram Vishwanathan - Chief Executive Officer
9 Mr. Ajit Sharma - Chief Financial Officer
10 Ms. Shrinidhi Deopujari - Company Secretary (upto July 1, 2019)
11 Ms. Gunjan Chandratre - Company Secretary (w.e.f. July 30, 2019)

E 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
4 Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

F Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'E' above:

Sr. No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Foundation (formerly known as Thermax Social Initiative Foundation)	India

G Enterprises, directors of which provide key managerial personnel services to the parent of the company:

1 Marico Limited, India

H Transactions with related parties:

Particulars	Holding Company		Subsidiaries of the Holding Company		Enterprises over which control is is exercised by individuals mentioned in 'E' and 'G'		Key Management Personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a. Transactions during the year										
Other operating revenues	–	–	–	8.19	–	–	–	–	–	8.19
Recovery of expenses	18.71	–	–	–	–	–	–	–	18.71	–
Repairs and maintenance of leased assets	34.61	–	–	–	–	–	–	–	34.61	–
Purchase of raw material and plant and machinery given on finance lease	2,829.70	1,191.27	9.10	10.70	–	–	–	–	2,838.80	1,201.97
Reimbursement of expenses	35.18	30.25	–	–	–	–	–	–	35.18	30.25
Salaries,wages and bonus	25.78	17.46	–	–	–	–	86.79*	72.68*	112.57	90.14
Donation	–	–	–	–	27.67	19.50	–	–	27.67	19.50
Purchase of property, plant and equipment	4.58	–	–	–	–	–	–	–	4.58	–
Rent expense	3.60	3.60	–	–	–	–	–	–	3.60	3.60

*This includes amount paid by the Holding Company on behalf of the entity.

Note: Dividend paid to the holding company is Rs 932.50 during the year ended March 31, 2020.

Particulars	Holding Company		Subsidiaries of the Holding Company		Entities controlled by Holding company or its KMP		Key Management Personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
b. Balances as at reporting date										
Trade receivables	–	–	–	0.23	–	–	–	–	–	0.23
Advances given	249.83	86.17	–	–	–	–	–	–	249.83	86.17
Trade deposits	–	–	–	–	10.00	–	–	–	10.00	–
Trade payables	366.64	473.06	–	–	–	–	–	–	366.64	473.06
Bank Guarantees issued by holding company on behalf of the Company	410.00	260.00	–	–	–	–	–	–	410.00	260.00

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

I Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant (percentage of the transactions being 10% or more of the total of transactions given in note 'H' above):

Particulars	March 31, 2020	March 31, 2019
Transactions during the year		
Other operating revenues		
First Energy Private Limited, India	–	2.50
PT Thermax International, Indonesia	–	5.69
Recovery of expenses		
Thermax Limited, India	18.71	–
Repairs and maintenance of leased assets		
Thermax Limited, India	34.61	–
Purchase of raw material and plant and machinery given on finance lease		
Thermax Limited, India	2,829.70	1,191.27
Reimbursement of expenses		
Thermax Limited, India	35.18	30.25
Salaries,wages and bonus*		
Mr. Sriram Vishwanathan	51.41	46.52
Mr. Sanjay Parande	4.80	4.80
Mr. Sundar Parthasarathy	4.80	3.90
Mr. Ajit Sharma**	18.73	17.46
Ms. Gunjan Chandratre**	3.25	–
Ms. Shrinidhi Deopujari**	3.80	–
Donation		
Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation)	27.67	19.50
Purchase of property, plant and equipment		
Thermax Limited, India	4.58	–
Rent expense		
Thermax Limited, India	3.60	3.60

* Components of remuneration to key management personnel includes sitting fees to independent directors.

** These amounts have been reimbursed to the Holding company.

Particulars	March 31, 2020	March 31, 2019
Balances as at the year end		
Trade receivables		
First Energy Private Limited, India	–	0.23
Advances given		
Thermax Limited, India	249.83	86.17
Trade deposits		
Marico Limited, India	10.00	–
Trade payables		
Thermax Limited, India	366.64	473.06
Bank Guarantees issued by holding company on behalf of the entity		
Thermax Limited, India	410.00	260.00

J Terms and conditions of related party transactions

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash.

31 Fair value measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,179.58	808.58
Loans	0.01	0.23
Finance lease receivable	6,818.40	5,315.08
Other financial assets	122.11	–
Cash and bank balances	393.81	78.48
Total financial assets	**8,513.91**	**6,202.37**
Current Assets	2,524.00	1,450.03
Non-current assets	5,989.91	4,752.34
Total financial assets	**8,513.91**	**6,202.37**

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

The company has considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Details of financial assets carried at fair value through profit and loss

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Investments	202.41	1,762.87
Total financial assets	**202.41**	**1,762.87**
Current assets	202.41	1,762.87
Non-current assets	–	–
Total financial assets	**202.41**	**1,762.87**

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

Details of financial liabilities carried at amortised cost

Particulars	March 31, 2020	March 31, 2019
Borrowings	1,147.50	–
Trade payables	966.12	883.22
Trade deposits	707.57	465.56
Other financial liabilities	215.05	478.08
Total financial liabilities	**3,036.24**	**1,826.86**
Current liabilities	1,181.17	1,361.30
Non-current liabilities	1,855.07	465.56
Total financial liabilities	**3,036.24**	**1,826.86**

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

b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

Particulars	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments	31 March 2020	–	202.41	–

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

Particulars	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments	31 March 2019	–	1,762.87	–

32 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade deposits, 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 finance lease receivables, trade and other receivables, and cash and bank balances.

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 and finance lease receivables.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant .

The analysis excludes the impact of movement in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

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, 2020	March 31, 2019
Interest rate		
- Increase by 100 basis points	(12.02)	(4.08)
- Decrease by 100 basis points	12.02	4.08

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. An impairment analysis is performed at each reporting date on an individual basis for major customers. 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 bank balances, 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, 2020	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative				
Borrowings	–	909.00	238.50	–
Trade Payables	966.12	–	–	–
Trade deposits*	–	–	230.50	1,202.83
Other financial liabilities	142.01	–	–	–
Current maturities of long-term borrowings	64.50	–	–	–
Interest accrued but not due on loans	8.54	–	–	–

March 31, 2019	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative				
Borrowings	–	–	–	–
Trade Payables	883.22	–	–	–
Trade deposits*	–	–	230.50	700.00
Other financial liabilities	197.96	–	–	–
Current maturities of long-term borrowings	279.97	–	–	–
Interest accrued but not due on loans	0.15	–	–	–

*Represents contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows.

33 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, 2020 and March 31, 2019. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2020	March 31, 2019
Borrowings	1,212.00	279.97
Trade payables	966.12	883.22
Less: Cash and bank balances	495.89	78.48
Net debt	**1,682.23**	**1,084.71**
Equity	6,062.20	5,924.84
Capital and net debt	7,744.43	7,009.55
Gearing ratio	21.72%	15.47%

Notes to financial statements for the year ended March 31, 2020

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

In order to achieve this overall objective, the Group'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 year.

34 Disclosure under Ind AS - 116 : Leases

a) Amount receivable under Finance lease - where the Company is a lessor

The Company has entered into certain arrangements with its customers where the Company will supply heat/steam/treated water by installing the boiler/heater/water treatment plant at the customers' premises. The Company has determined, that fulfilment of these arrangements is dependent on the use of a specific assets and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets, the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

Particulars	Gross Investment in lease		Present value of minimum lease payments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Within one year	1,803.15	1,341.53	929.49	663.84
After one year but not more than five years	6,198.36	5,002.32	3,935.61	3,241.98
More than five years	2,637.57	1,872.63	1,953.30	1,409.26
	10,639.08	**8,216.48**	**6,818.40**	**5,315.08**
Less: Unearned finance income	3,820.68	2,901.39	–	–
Present value of minimum lease payments receivable	6,818.40	5,315.08	6,818.40	5,315.08
Allowance for uncollectible lease payments	–	–	–	–
	6,818.40	**5,315.08**	**6,818.40**	**5,315.08**

Particulars	March 31, 2020	March 31, 2019
Estimated unguaranteed residual value of assets under Finance lease	–	–
Contingent rent recognised as Income during the year	–	–
Interest rate inherent in the lease	10.87% - 17.03%	12.4% - 17.05%

b) Operating lease - where the Company is a lessor

The Company has installed briquetting machines at one of the supplier's locations under an agreement that these machines shall be used exclusively for manufacture of briquettes to be sold to the Company at the minimum quantity and rate as defined as per the agreement. The supplier shall be obligated to pay an agreed amount of royalty to the Company for the amount of purchases. The Company has determined, that fulfilment of this arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use this specific asset. Accordingly, this arrangement qualifies as an arrangement in the form of lease as specified in Ind-AS 116. However, since this arrangement can be terminated by either of the parties leading to circumstances, creating an economic incentive for the supplier to terminate the contract, this arrangement has been classified as an operating lease. Lease rentals are recognised in the statement of profit and loss for the year as miscellaneous income. Refer note 21.

Particulars	March 31, 2020	March 31, 2019
Lease rent received for the year	9.04	31.42

Particulars	March 31, 2020	March 31, 2019
Future minimum lease rental receivables under non-cancellable operating leases are as follows:		
Within one year	–	–
After one year but not more than five years	–	–
More than five years	–	–

c) Operating lease - where the Company is a lessee

The Company has taken an office space under a cancellable operating lease arrangement for a period of 5 years from its holding company. The agreement contains no escalation clause. Lease rentals are charged to the statement of profit and loss for the year. There are no transactions in the nature of sub lease and contingent rent payments on any of the above lease agreements.

Since the contract is a cancellable contract, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with those leases as an expense.

Particulars	March 31, 2020	March 31, 2019
Lease payments for the year	3.78	4.15

Particulars	March 31, 2020	March 31, 2019
Future minimum lease rental payables under non-cancellable operating leases are as follows:		
Within one year	–	–
After one year but not more than five years	–	–
More than five years	–	–

35 Segment information

For management purposes, the Company reports the details of operating segments as a single segment for "energy and allied services". The Chief Operating Decision Maker (CODM) reviews the information for this single segment only. Accordingly, Company has provided only entity wide disclosures.

Sales revenue by geographical segment

Particulars	31-Mar-20	31-Mar-19
Revenue from external customer (gross)		
India	12,798.56	10,060.75
Outside India	–	–
Total	**12,798.56**	**10,060.75**

* Revenue of Rs. 9,867.95 was derived from six customers that individually contributed more than 10% of total revenue in the current year and Rs. 8,507.59 was derived from five customers that individually contributed more than 10% of total revenue in the previous year.

Carrying amount of non current assets

Particulars	31-Mar-20	31-Mar-19
Carrying amount of non current assets		
Assets within India	129.85	270.32
Assets outside India	–	–
Total	**129.85**	**270.32**

Addition to non current assets

Particulars	31-Mar-20	31-Mar-19
Assets within India	114.18	36.22
Assets outside India	–	–
Total	**114.18**	**36.22**

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

36 Note on COVID situation and its impact

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 24, 2020 and which is getting further extended. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of customer sites etc. The Company is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government.

The Company has evaluated the impact of uncertainties related to COVID-19 and its consequential impact on the carrying values of inventory, lease receivables and accounts receivables and the operations of the Company as at March 31, 2020 and have considered all the possible impact of known events arising from Covid-19 pandemic. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration and hence the Company shall continue to monitor any material changes to the future economic condition".

37 Reclassification of March 31, 2019 :-

Particulars	Footnotes	Reported amount March 31, 2019	Reclassification	Revised amount March 31, 2019
Capital work-in-progress	1	1,185.38	(1,185.38)	-
Inventories		158.21	1,185.38	1,343.59
Trade payables		423.56	454.96	878.52
Other financial liabilities		933.04	(454.96)	478.08
Revenue from operations	2	8,733.11	1,327.64	10,060.75
Cost of raw materials and components consumed		5,571.54	1,273.59	6,845.13
Decrease in inventories of finished goods, work-in-progress and traded goods		-	54.05	54.05
Other income	3	198.99	(81.84)	117.15
Employee benefits expense		587.76	(81.84)	505.92

Footnotes

1. The Company has reclassified machinery and other components under commissioning which were to be leased to customers under finance lease arrangements amounting to Rs. 1,185.38 from capital work-in-progress to work in progress inventories.

   As a result of this reclassification :

   a. Creditors amounting to Rs. 454.96 related to such purchases have been reclassified from other financial liabilities to trade payables.

   b. Related re-classification has been considered in Inventory movement schedule in the Statement of Profit and Loss account.

2. The Company has recognised revenue from operations and corresponding cost of raw material and components consumed pertaining to sale of machinery and components to customers under finance lease arrangements amounting to Rs. 1,327.64 in accordance with the requirements of erstwhile Ind AS 17.

3. The Company has reclassified income on write back of excess provision for staff incentive disclosed as other income and has net off the same against salaries, wages and bonus under employee benefit expenses for better presentation and disclosure.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 08, 2020

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

Rajendran Arunachalam
Director
DIN: 08446343

Sanjay Parande
Director
DIN: 07161299

Gunjan Chandratre
Company Secretary

Ajit Sharma
Chief Financial Officer

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Board of Directors	*Registered Office*	*Auditors*
Mahadeo Burande Kedar Phadke Bhavesh Chheda	Thermax House 14, Mumbai-Pune Road, Wakdewadi, Pune - 411 003	B.K. Khare & Co. Chartered Accountants Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road, Pune 411004.
Company Secretary	***Corporate Office***	***Bankers***
Apoorva Jain	D-13, MIDC Indl. Area, R.D. AGA Road, Chinchwad, Pune 411019.	Canara Bank

DIRECTORS' REPORT

Dear shareholders,

The Directors have pleasure in presenting the Thirty-second Annual Report of the company for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. Lakhs)

Particulars	2019-20	2018-19
Total Income	**61.16**	22.61
Profit before depreciation	**41.92**	7.54
Depreciation	–	–
Profit / (Loss) before tax	**41.92**	7.54
Provision for taxation including deferred tax	–	–
Prior year tax adjustment	**199.87**	–
Profit / (Loss) after tax	**(157.95)**	7.54

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 seven 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. 475 lakh. Preference shares of Rs 400 lakh issued in March 2012 are now classified as borrowings as per new Indian Accounting Standards, 2015 (Ind AS) applicable from 1st April 2016 for public company being subsidiary of listed company. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

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, 2020.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

Mr. Mahadeo Burande, Mr. Kedar Phadke & Mr. Bhavesh Chheda have been appointed as directors of the Company on September 16, 2019 and Mr. M.S. Unnikrishnan, Mr. Hemant Mohgaonkar & Mr. Shailesh Nadkarni have tendered resignation on September 16, 2019, from the directorship of the Company .

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

BOARD MEETINGS

The Board met five times on April 30, 2019, July 30, 2019, September 16, 2019, October 18, 2019 and January 24, 2020 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 judgements 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.

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.

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 takes this opportunity to thank all stakeholders for their continued co-operation and support during tough times.

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

Place: Pune	**Mahadeo Burande**	**Kedar Phadke**
	Director	Director
Date: June 5, 2020	DIN: 08559771	DIN: 00059281

ANNEXURE 1

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[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:-

SlNo.	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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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					**NIL**				
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 uptoRs. 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					**NIL**				
- 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**	**4749940**	**60**	**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 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		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 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
		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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year 31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01.04.2019)					
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**
	Change in indebtedness during the financial year				
	Addition	–	0	–	0
	Reduction	–	(180.00)	–	(180.00)
	Net Change		**(180.00)**		**(180.00)**
Indebtedness at the end of the financial year (31.03.2020)					
i)	Principal Amount	–	22.68	–	22.68
ii)	Interest due but not paid	–	135.76	–	135.76
iii)	Interest accrued but not due	–	0	–	0
	Total (i+ii+iii)		**158.44**		**158.44**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. lakh)

Sl. No.	Particulars of Remuneration	Total Amount
1	Gross salary	NA
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	
2	Stock Option	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	- others, specify	
5	Others, please specify	
	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	------------------------- NA ----------------------			
	Fee for attending board / committee meetings	—————— NIL ——————			
	Commission				
	Others, please specify				
	Total(1)				
2.	Other Non-Executive Directors	**Mahadeo Burande**	**Kedar Phadke**	**Bhavesh Chheda**	**Total Amount**
	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)				
	Overall Ceiling as per the Act				

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

(Amount in Rs. lakh)

Sl. no.	Particulars of Remuneration	Total Amount
1.	Gross salary	NA
(a)	Salary as per provisions contained in 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	
	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				

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

Place: Pune

Date: June 5, 2020

Mahadeo Burande
Director
DIN: 08559771

Kedar Phadke
Director
DIN: 00059281

INDEPENDENT AUDITOR'S REPORT

To the Members of **Thermax Sustainable Energy Solutions 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, 2020, 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, 2020, 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 modified 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 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. 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, 2020, 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
UDIN: 20111212AAAAJM9455

Place: Mumbai
Date: June 5, 2020

"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

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN: 20111212AAAAJM9455

Place: Mumbai
Date: June 5, 2020

"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, 2020 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, 2020, 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
UDIN: 20111212AAAAJM9455

Place: Mumbai
Date: June 5, 2020

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Balance Sheet as at March 31, 2020

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

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
I. Non-current assets			
Income tax Assets (Net)	3	0.58	201.72
Total Non-current Assets		**0.58**	**201.72**
II. Current assets			
Current financial assets			
(a) Cash and cash equivalent	4 (a)	25.94	62.13
(b) Bank balances other than (a) above	4 (b)	–	132.98
(c) Loans and advances	5	–	0.25
(d) Other financial assets	6	–	7.04
Other Current loans and advance	7	–	0.14
Other current assets	8	0.28	6.72
Total Current Assets		**26.22**	**209.26**
Total		**26.80**	**410.98**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	475.00	475.00
Other equity	10	(1016.11)	(858.16)
		(541.11)	**(383.16)**
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	158.44	338.44
(b) Trade and other payables	13	0.68	5.54
(c) Other current financial liabilities	14	0.83	0.01
Provisions	15	7.09	6.78
Other current liabilities	16	0.87	43.37
		167.91	**394.14**
Total Equity and Liabilities		**26.80**	**410.98**

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

Shirish Rahalkar
Partner
Membership No : 111212

Bhavesh Chheda
Director
DIN: 08558510

Mahadeo Burande
Director
DIN: 08559771

Apoorva Jain
Company Secretary
ACS 58240

Place: Pune
Date: 5th June, 2020

Statement of profit and loss for the year ended March 31, 2020

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

Particulars	Note No.	March 31, 2020	March 31, 2019
Income			
Revenue from operations		–	–
Other income	17	61.16	22.61
Total Income		**61.16**	**22.61**
Expenses			
Employee benefits expense	18	14.63	13.02
Other Expenses	19	4.61	2.05
Total expenses		**19.24**	**15.07**
Profit before tax		**41.92**	**7.54**
Tax expense			
Current tax		–	–
Deferred tax		–	–
Tax pertaining Previous Years	20	199.87	–
Total tax expense		**199.87**	**–**
Profit/(Loss) for the year from Discountinued Operations		**(157.95)**	**7.54**
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		**(157.95)**	**7.54**
Earning per equity share [nominal value per share Rs.10/- (March 31, 2019: Rs.10/-)]			
Basic & Diluted	21	(3.33)	0.16

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

Shirish Rahalkar
Partner
Membership No : 111212

Bhavesh Chheda
Director
DIN: 08558510

Mahadeo Burande
Director
DIN: 08559771

Apoorva Jain
Company Secretary
ACS 58240

Place: Pune
Date: 5th June, 2020

Cash flow statement for the year ended March 31, 2020

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A) Cash flows from operating activities		
Profit before tax	(157.95)	7.54
Adjustments to reconcile profit before tax to net cash flows		
Interest income	(6.65)	(10.22)
Working capital adjustments		
(Increase) / Decrease in Other non-current financial assets	201.14	(0.71)
(Increase) / Decrease in Other current financial assets	7.29	(1.67)
(Increase) / Decrease in Other current assets	6.58	(0.42)
Increase / (Decrease) in Trade Payables	(4.86)	(0.31)
Increase / (Decrease) in Provisions	0.31	0.53
Increase / (Decrease) in Other current liabilities	(42.50)	(0.12)
Cash generated from operations	**4.18**	**(5.38)**
Net cash inflow from operating activities	**4.18**	**(5.38)**
B) Cash flows from investing activities		
Increase in Deposits of more than 3 Months and less than 12 months	132.98	(7.85)
Interest received	6.65	10.22
Net cash flows used in investing activities	**139.63**	**2.37**
C) Cash flows from financing activities		
Repayment of Borrowings	(180.00)	–
Net cash flows used in financing activities	**(180.00)**	**–**
Net increase / (decrease) in cash and cash equivalents	(36.19)	(3.01)
Cash and cash equivalents at the beginning of the year	62.13	65.14
Cash and cash equivalents at the end of the year	**25.94**	**62.13**

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

	March 31, 2020	March 31, 2019
Cash and cash equivalents (Note 4(a))	25.94	62.13
Balances as per statement of cash flows	**25.94**	**62.13**

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

Shirish Rahalkar
Partner
Membership No : 111212

Bhavesh Chheda
Director
DIN: 08558510

Mahadeo Burande
Director
DIN: 08559771

Apoorva Jain
Company Secretary
ACS 58240

Place: Pune
Date: 5th June, 2020

Notes to financial statements for the year ended March 31, 2020

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

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, 2020. The CIN of the Company is U29219PN1987PLC045658.

2. Significant accounting policies

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

(a) Basis of preparation

The company was in the business of Carbon Advisory Services. During the year ended 31 March, 2015, in view of continuous business uncertainties in the CER market, the Board of Directors of the Company has decided to indefinitely suspend the said business operations of the Company. Consequently, the financial statements for the year ended 31 March 2020, 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.

2.3 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 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.

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

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. Income Tax

The company is going to apply for Vivad se Vishwas (VsV)2020 Scheme (Please refer Schedule 20 of the Financial statements)

e. Earnings per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Significant accounting judgements

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

Legal contingencies

During the earlier years the Company had received orders/ notices from tax authorities in respect of direct taxes, for which proceedings are in process. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions does not automatically indicate that a provision of a loss may be appropriate.

3. Income Tax Assets (Net)

	As at March 31, 2020	As at March 31, 2019
Advance Payment of Income Tax and Wealth Tax Non Current	0.58	201.72
Total	**0.58**	**201.72**

4(a) Cash and bank balances

	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balances with banks		
- on current accounts	25.94	62.13
Total	**25.94**	**62.13**

4(b) Other bank balances

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	–	132.98
Total	**–**	**132.98**

5. Current loans and advances

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	–	0.25
Total	**–**	**0.25**

6. Other financial assets

	As at March 31, 2020	As at March 31, 2019
Interest accrued on fixed deposits etc.	–	7.04
Total	**–**	**7.04**

7. Other current Loans and advances

	As at March 31, 2020	As at March 31, 2019
Balances with government authorities	–	0.14
Total	**–**	**0.14**

8. Other Current assets

	As at March 31, 2020	As at March 31, 2019
Others	0.28	6.72
Total	**0.28**	**6.72**

9. Share capital

	As at March 31, 2020	As at March 31, 2019
Authorized shares (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
	475.00	**475.00**
Issued, subscribed and fully paid share capital (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
Total issued, subscribed and fully paid-up share capital	**475.00**	**475.00**

Notes to financial statements for the year ended March 31, 2020

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

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2019	4,750,000
Issued during the year	–
At March 31, 2020	4,750,000
Issued during the year	–
At March 31, 2020	4,750,000

(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, 2020	As at March 31, 2019
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, 2020	
%	100%
No. of shares	4,750,000
As at March 31, 2019	
%	100%
No. of shares	4,750,000

10. Other Equity

	As at March 31, 2020	As at March 31, 2019
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	**(1020.68)**	**(1028.22)**
Add: Profit for the year	(157.95)	7.54
	(1178.63)	**(1020.68)**
Less: Appropriations		
- Proposed equity dividend	–	–
- Tax on dividend	–	–
Total appropriations	–	–
Net surplus in the Statement of profit and loss	**(1178.63)**	**(1020.68)**
Total	**(1016.11)**	**(858.16)**

11. Long Term Borrowings

	As at March 31, 2020	As at March 31, 2019
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 2020 amounts to Rs. 192 lacs.

12. Borrowings

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Others-Refer note no.21(b)	158.44	338.44
	158.44	**338.44**

13. Trade payables and other liabilities

	As at March 31, 2020	As at March 31, 2019
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	0.68	5.54
	0.68	**5.54**

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, 2020	As at March 31, 2019
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	–	–

Notes to financial statements for the year ended March 31, 2020

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

	As at March 31, 2020	As at March 31, 2019
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, 2020	As at March 31, 2019
Employee related payables	0.83	0.01
Total	**0.83**	**0.01**

15. Provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity	6.13	5.46
Provision for leave encashment	0.96	1.32
Total	**7.09**	**6.78**

16. Other Current liabilities

	As at March 31, 2020	As at March 31, 2019
Revenue received in advance	–	42.61
Statutory dues and other liabilities	0.87	0.76
Total	**0.87**	**43.37**

17. Other income

	As at March 31, 2020	As at March 31, 2019
Interest income		
Bank deposits	6.65	10.22
Miscellaneous income *	54.51	12.39
Total	**61.16**	**22.61**

*Includes Reimbursement of Employee cost Rs.14.48 (March 19- Rs.12.39), Credit Balance Apropreate Rs.40.03 (March 19 - Rs.NIL)

18. Employee benefits expense

	As at March 31, 2020	As at March 31, 2019
Salaries and wages	12.41	10.90
Contribution to provident and other funds	1.55	1.44
Gratuity expense	0.67	0.56
Staff welfare expenses	–	0.12
	14.63	**13.02**

19(a) Other expenses

	As at March 31, 2020	As at March 31, 2019
Rates and taxes	–	0.03
Insurance	–	0.01
Legal and professional fees	0.66	1.26
Payment to auditor (refer details below)	3.95	0.75
	4.61	**2.05**

19(b) Payment to auditors

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor		
Audit and limited review fee	0.70	0.70
Tax audit fee	–	–
In other capacity		
Taxation matters	3.25	–
Other services	–	0.05
Reimbursement of expenses	–	–
Total	**3.95**	**0.75**

20. Tax pertaining Previous Years

	Year ended March 31, 2020	Year ended March 31, 2019
Tax pertaining Previous Years	199.87	–

Note: The Company is going to Apply for Vivad se Vishwas (VsV)2020 Scheme since amount of Rs 199.87 lacs is no longer receivable to us after applying to the VsV scheme 2020 Writing off the same

21. Earnings per share

	Year ended March 31, 2020	Year ended March 31, 2019
Net profit/(Loss) attributable to the Equity shareholders of the Company	(157.95)	7.54
Weighted average number of Equity shares of Rs.10/- each	4,750,000.00	4,750,000.00
Basic & Diluted EPS	(3.33)	0.16

22 Contingencies and commitments

Contingent liabilities not provided for

a) Dividend payable @ 6% on preference share Rs. 192 Lakh (Previous Year : Rs. 168 Lakh)

Notes to financial statements for the year ended March 31, 2020

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

23 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 Cooling Solutions Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax (Thailand) Limited
		Thermax International Tanzania Limited
		Thermax Engineering Construction FZE
		Thermax Foundation

B Key Management Personnel:

1 Mr. M.S. Unnikrishnan -Non Executive Director(upto September 16, 2019)

2 Mr. Hemant Mohgaonkar- Non Executive Director(upto September 16, 2019)

3 Mr. Shailesh Nadkarni- Non Executive Director(upto September 16, 2019)

4 Mr. Mahadeo Burande - Non Executive Director (From September 16, 2019)

5 Mr. Kedar Phadke- Non Executive Director (From September 16, 2019)

6 Mr. Bhavesh Chheda- Non Executive Director (From September 16, 2019)

7 Ms. Apoorva Jain- Company Secretary (From April 30, 2019)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Transactions during the year		
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	14.48	12.39
Repayment of Borrowing to Thermax Limited	180.00	-

Particulars	As at March 31, 2020	As at March 31, 2019
Balances as at the year end		
Loans and advances		
Loan and Accrued Interest payable to Thermax Limited	158.44	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 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: 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.

24 a. Fair value measurements

Financial instruments by category

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Other Financial Assets	-	7.04	-	7.04
Total financial assets	**-**	**7.04**	**-**	**7.04**

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.

24 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, 2020

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 20	-	-	-

Notes to financial statements for the year ended March 31, 2020

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

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

25 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, 2020	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	158.44	-	400.00	-	-
Trade Payables	-	0.68	-	-	-
Other financial liabilities					
Current maturities of long-tem borrowings	-	-	-	-	-
Interest accrued but not due on loans	-	-	-	-	-
Other payables	-	0.83	-	-	-

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	-	-	-

26 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, 2020	March 31, 2019
Borrowings	558.44	738.44
Trade payables	0.68	5.54
Cash and cash equivalents	(25.94)	(62.13)
Equity	(541.11)	(383.16)

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, 2020 and March 31, 2019.

27 Previous years figures are re-grouped/re-classified to conform to current years classification.

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: 5th June, 2020

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

Bhavesh Chheda
Director
DIN: 08558510

Mahadeo Burande
Director
DIN: 08559771

Apoorva Jain
Company Secretary
ACS 58240

THERMAX COOLING SOLUTIONS LIMITED

(Erstwhile Thermax SPX Energy Technologies Limited)

Board of Directors

Ravinder Advani
Amitabha Mukhopadhyay (upto 30th May, 2019)
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

SRBC & Co. LLP
Chartered Accountants
Tower C, Ground Floor, Panchshil Tech Park,
Yerwada, Pune – 411 006, India

Key Managerial Personnel

Mahesh Kulkarni (Manager) (upto 7th November, 2019)
Ravi Shewade (Manager) (upto 7th November, 2019)
Dinesh Badgandi (Chief Executive Officer) (w.e.f. 8th November, 2019)
Sanjay Jakhotiya (Chief Financial Officer) (upto 19th February, 2020)
Rohit Joshi (Company Secretary) (upto 9th August, 2019)
Kajal Kabra (Company Secretary) (w.e.f 24th January, 2020)
Dinesh Sheth (Chief Financial Officer) (w.e.f 5th June, 2020)

Corporate Office

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

Bankers

ICICI Bank
Corporation Bank
Axis Bank

DIRECTORS' REPORT

Dear Shareholders,

The Directors present their Eleventh Annual Report of the company for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2019-20	2018-19
Total income	**5503.17**	6955.81
Profit/(Loss) before depreciation	**502.71**	(185.58)
Depreciation	**6.35**	3.09
Profit/(Loss) before tax	**496.36**	(188.67)
Provision for taxation (incl. deferred tax)	**17.19**	Nil
Profit/(Loss) after tax	**479.17**	(188.67)

STATE OF COMPANY'S AFFAIRS

Thermax SPX Energy Technologies Limited (Thermax SPX) is now renamed as Thermax Cooling Solutions Ltd. (TCSL). The company has become a wholly owned subsidiary of Thermax Limited with effect from April 11, 2019.

The company continues in the ACC (Air Cooled Condenser) segment for less than 150 MW requirements. TCSL has also taken up a research activity to develop Single Row ACC in collaboration with IIT Jodhpur. The product profile for TCSL is expanded and specialised products such as Closed Loop Cooling Towers (CLCT), Evaporative Condensers (EVC), Dry Coolers/ Adiabatic Dry Cooler and Air Cooled Heat Exchangers are added.

The new Products such as the CLCT will cater to the heat dissipation requirements in Process Industry. Evaporative Condensers cater to Dairy, Food Processing, Chemical and Pharma industry for the efficient heat dissipation requirements.

Adiabatic Coolers and Dry Coolers are most appropriate for special application in Combined Heating Power and Cooling (CHPC) to reduce the water consumption requirement in the distributed power and process industry. Over all your company is confident of outperforming this year on all aspects

During the year, the company earned a total income of Rs. 5503.17 Lakhs as against Rs. 6955.81 Lakhs in the previous year. Current year profit after tax is Rs. 479.17 Lakhs as against previous year's loss of Rs. 188.67 Lakhs.

MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

The Thermax Limited had entered into share purchase agreement on 25th February, 2019 among MUTARS HOLDING -24 AG AND BACLKE DUERR GmbH AND Thermax Limited and Thermax Cooling Solutions Limited (Erstwhile Thermax SPX Energy Technologies Limited) (TCSL) and on April 11, 2019 Thermax Limited has acquired the entire stake held by the joint venture partners namely MUTARES HOLDING-24 AG, Germany and BALCKEDUERR GmbH, Germany. Subsequent to the acquisition TCSL has now become a wholly owned subsidiary of Thermax Ltd.

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. The current projects under execution are following all the government and company norms and protocols of social distancing at the customer 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 proposes to transfer the amount of profit during the year 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, 2020.

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. The company has implemented Legatrix software from current financial year to track & ensure timely statutory compliances.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal controls are reviewed by Internal Audit Department of holding company on periodical basis. All significant and material observations emerging out of Internal Audit are reported to the Board and follow-up measures are taken in timely manner. Authority Matrix in line with holding companies levels of authority is proposed to be implemented with board's approval.

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. Hemant Mohgaonkar and Mr. Rajendran Arunachalam have been appointed on Board on April 11, 2019 and May 10, 2019 respectively.

Consequently Mr. Wolf Cornelius and Mr. Amitabha Mukhopadhyay have been resigned from the Board with effect from April 11, 2019 and May 30, 2019 respectively.

Currently, the Board of the company comprises three Directors. In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Rajendran Arunachalam retires by rotation, and being eligible, offers himself for re-appointment as director.

CHANGE IN KEY MANAGERIAL PERSONNEL (KMP)

During the year Mr. Rohit Joshi, Company Secretary of the Company has resigned effective from August 9, 2019 and Ms. Kajal Kabra has been appointed as Company Secretary with effect from January 24, 2020. Mr. Sanjay Jakhotiya, Chief Financial Officer has resigned with effect from February 19, 2020 and Mr. Dinesh Sheth has been appointed Chief Financial Officer with effect from June 5, 2020.

BOARD MEETINGS

During the year, the Board met five times on April 11, 2019, May 10, 2019, July 30, 2019, November 8, 2019 and January 24, 2020. 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.

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 providing energy efficient heat dissipation solutions. Air Cooled Condenser, helps the Company's customers to reduce treated water consumption in coal based power plants.

The new Products such as the Closed Loop Cooling Tower (CLCT) will cater to the heat dissipation requirements in Process Industry. Evaporative Condensers cater to Dairy, Food Processing, Chemical and Pharma industry for the efficient heat dissipation requirements. Adiabatic Coolers and Dry Coolers are most appropriate for special application in Combined Heating Power and Cooling (CHPC) segment to reduce the water consumption requirement in the distributed power and process industry.

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.

(Rs. in Lakh)

Particulars	31-Mar-20	31-Mar-19
Earnings		
Revenue	42.24	0.00
Expenditure		
Royalty	0.00	0.00
Capital Expenditure	0.00	0.00
Net	42.24	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

SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/E300003) appointed as Statutory Auditors of the Company for a period of Five year commencing from the 10th Annual General Meeting (AGM) until the conclusion of the 15th AGM.

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 Cooling Solutions Limited
(Erstwhile Thermax SPX Energy Technologies Limited)

	Hemant Mohgaonkar	**Rajendran Arunachalam**
Place: Pune,	Director	Director
Date: June 5, 2020	DIN: 01308831	DIN: 08446343

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. 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, 2020

[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 Cooling Solutions Limited (Erstwhile 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 +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:-

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	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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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	19999994	-	19999994	100	49
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**-**	**10199995**	**10199995**	**51**	**19999994**	**-**	**19999994**	**100**	**49**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	9800000	9800000	49	-	-	-	-	-49
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**9800000**	**9800000**	**49**	**0**	**-**	**0**	**0**	**-49**
Total share holding of Promoter (A)= (A)(1)+(A) (2)	**-**	**19999995**	**19999995**	**100**	**19999994**	**-**	**19999994**	**100**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institution									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt.(s)					NIL				
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Any other									
Sub-total(B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions									
a) Bodies Corp.					NIL				
i) Indian									
ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	5	5	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):-	**-**	**5**	**5**	**0**	**-**	**6**	**6**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**5**	**5**	**0**	**-**	**6**	**6**	**0**	**0**
C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**20000000**	**20000000**	**100**	**19999994**	**6**	**20000000**	**100**	**0**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		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	19999994	100%	NIL	NIL
2	Balcke-Dürr GmbH	5200000	26%	NIL	NIL	NIL	NIL	NIL
3	Mutares Holding-24 AG	4600000	23%	NIL	NIL	NIL	NIL	NIL
	Total	**19999995**	**100%**	**NIL**	**19999994**	**100%**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
1.	**THERMAX LIMITED**	**No. of Shares**	**% of total Shares of the company**	**No. of Shares**	**% of total Shares of the company**
	Shareholding	10199995	51%	19999994	100%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity)	On April 11, 2019 Thermax Limited has acquired the entire stake held by the joint venture partners namely MUTARES HOLDING-24 AG, Germany and BALCKEDUERR GmbH, Germany.			

(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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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

				(Rs. in Lakh)
	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year (01.04.2019)	----------------------------------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				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year (31.03.2020)				
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:

				(Rs. in Lakh)
Sl. no.	**Particulars of Remuneration**	**Manager (Mahesh Kulkarni) (upto November 7, 2019)**	**Manager (Ravi Shewade) (upto November 7, 2019)**	**Total Amount in Rs.**
1	Gross salary			
	(a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	13.78	14.85	28.63
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	0.50	0.28	0.78
	(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)	3.43	3.09	6.52
	Total(A)	17.71	18.22	35.93
	Ceiling as per the Companies Act, 2013	Rs. 49.55 lakh (Being 10% of the Net Profit of the Company as per Section 198 of the Companies Act 2013)		

B. Remuneration to other directors:

							(Rs. in Lakh)
Sl. no.	**Particulars of Remuneration**	**Name of Directors**					**Total Amount**
1.	Independent Directors	-			-		
	Fee for attending board / committee meetings	-			-		-
	Commission	-			-		-
	Others, please specify	-			-		-
	Total(1)	-			-		-
2.	Other Non-Executive Directors	Ravinder Advani	Rajendran Arunachalam	Amitabha Mukhopadhyay	Dr. Wolf Cornelius	Hemant Mohgaonkar	Total Amount
	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 Companies Act, 2013	Rs. 4.95 lakh (Being 1% of Net profit of the Company calculated as per Section 198 of the Companies Act 2013)					

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole Time Director

Sl. No.	Particulars of Remuneration	Dinesh Badgandi (Chief Executive Officer) (w.e.f. November 8, 2019)	Sanjay Jakhotiya (Chief Financial Officer) (upto Feb 19, 2020)	Rohit Joshi (Company Secretary) (upto August 9, 2019)	Kajal Kabra (Company Secretary) (w.e.f. January 24, 2020)	Total Amount in Rs. Lakh
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	10.61	8.45	2.19	2.02	23.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01	0.12	Nil	Nil	0.13
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission					
	- as% of profit	Nil	Nil	Nil	Nil	Nil
	- Others, specify	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify (Retrial Benefits)	0.21	0.71	0.19	0.11	1.22
	Total	10.83	9.28	2.38	2.13	24.62

VII. Penalties /Punishment/ compounding of offences **(Rs. in Lakh)**

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		During the year the Company went for compounding of offences under sections 96, 137, 173, 205 and 441 of Companies Act, 2013 and rules made there under.			
Penalty					
Punishment					
Compounding	96, 137, 173, 205 and 441		7.75	RD and ROC	NA
b) Directors					
Penalty					
Punishment					
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding	96, 137, 173, 205 and 441		8.55	RD and ROC	NA

For and on behalf of the Board of Directors of
Thermax Cooling Solutions Limited
(Erstwhile Thermax SPX Energy Technologies Limited)

Hemant Mohgaonkar
Director
DIN: 01308831

Rajendran Arunachalam
Director
DIN: 08446343

Place: Pune,
Date: June 5, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Cooling Solutions Limited

REPORT ON THE AUDIT OF THE ACCOMPANYING IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Ind AS financial statements of Thermax Cooling Solutions Limited("the Company"), which comprise the Balance sheet as at March 31 2020, 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 accompanying Ind AS 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 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, 2020, 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 accompanying 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 accompanying 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 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 accompanying Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 35 of the accompanying financial statements which describes the management's evaluation of impact of uncertainties related to COVID-I9 and its consequential effects on the carrying value of the accounts receivables and contract assets as at March 31, 2020 and the operations of the Company. Our opinion is not modified in respect of this matter.

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 Director's report including annexure to the director's report of the annual report of the company, 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 accompanying 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.

Responsibility of Management for the accompanying Ind AS 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 accompanying 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 accompanying 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 are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the accompanying 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 accompanying 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the accompanying Ind AS financial statements, including the disclosures, and whether the accompanying 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

The accompanying Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 10, 2019.

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

   (e) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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, 2020 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 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune
Date: June 05, 2020

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 Cooling 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) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3 (i) (c) of the Order are not applicable to the Company.

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

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been serious delays in payment of advance income tax. The provisions relating to employees’ state insurance and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-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 information and explanations given to us, there are no dues of income tax, goods and services tax, cess and other statutory dues which have not been deposited on account of any dispute.

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

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

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

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

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of 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. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(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 **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune

Date: June 05, 2020

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

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

We have audited the internal financial controls over financial reporting of Thermax Cooling Solutions Limited ("the Company") as of March 31, 2020, in conjunction with our audit of the accompanying 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 with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls 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 with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, 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 ICAI.

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

per **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 20213935AAAABE9196

Place of Signature: Pune

Date: June 05, 2020

THERMAX COOLING SOLUTIONS LIMITED

(Erstwhile Thermax SPX Energy Technologies Limited)

Balance Sheet as at March 31, 2020

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

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
I. Non-current assets			
Property, plant and equipment	4(a)	2.77	6.31
Intangible assets	4(b)	29.96	-
Financial assets:			
(a) Loans	5(a)	1.93	31.56
Income tax assets (net)		17.29	34.64
Other assets	6(a)	3.10	4.05
Total non-current assets		**55.05**	**76.56**
II. Current assets			
Financial assets:			
(a) Investments	7	4.35	21.45
(b) Trade receivables	8	1,251.27	1,229.22
(c) Cash and cash equivalents	9 (a)	117.57	76.64
(d) Bank balances other than (c) above	9 (b)	1,060.61	1,315.36
(e) Loans	5 (b)	0.68	1.17
(f) Other financial assets	10	47.79	47.40
Other assets	6 (b)	1,493.41	578.05
Total current assets		**3,975.68**	**3,269.29**
Total		**4,030.73**	**3,345.85**
III. Equity and liabilities			
Equity share capital	11	2,000.00	2,000.00
Other equity	12	(1,509.50)	(1,986.22)
		490.50	**13.78**
IV. Current liabilities			
Financial liabilities:			
(a) Borrowings	13	191.15	-
(b) Trade payables	14		
Total outstanding dues of micro and small enterprises		139.76	380.32
Total outstanding dues of creditors other than micro and small enterprises		1,581.35	453.87
(c) Other financial liabilities	15	42.20	33.88
Provisions	16	142.48	119.63
Other liabilities	17	1,437.07	2,344.37
Income tax liabilities (net)		6.22	-
		3,540.23	**3,332.07**
Total		**4,030.73**	**3,345.85**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

Statement of profit and loss for the period ended March 31, 2020

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

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	18	5,420.13	6,849.71
Other income	19	83.04	106.10
Total Income (I)		**5,503.17**	**6,955.81**
Expenses			
Projects bought outs and components consumed	20	3,765.00	6,181.02
Employee benefits expense	21	375.14	295.12
Finance cost	22	6.43	1.28
Depreciation and amortisation expense	23	6.35	3.09
Other Expenses	24 (a)	853.89	663.97
Total expenses (II)		**5,006.81**	**7,144.48**
Profit/ (loss) before tax (I-II)		496.36	(188.67)
Tax expense	25		
Current tax		17.19	-
Deferred tax		-	-
Total tax expense		17.19	-
Profit/ (loss) for the year		**479.17**	**(188.67)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	26	(2.45)	0.41
Total other comprehensive income for the year		**(2.45)**	**0.41**
Total comprehensive income for the year		**476.72**	**(188.26)**
Earning/ (loss) per equity share (Basic and Diluted) [Nominal value per share Rs.10/- (March 31, 2019: Rs 10/-)]	27	2.40	(0.94)
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 05, 2020

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

Hemant Mohgaonkar
Director
DIN: 1308831

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: June 05, 2020

Statement of Changes in Equity for the year ended March 31, 2020

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

A Equity Share Capital

Particulars	Note No	March 31, 2020	March 31, 2019
Balance at the beginning of the year	11	2,000.00	2,000.00
Changes in equity shares capital during the year	11	-	-
Balance at the end of the year	**11**	**2,000.00**	**2,000.00**

B Other Equity

Particulars	Reserves & Surplus
	Retained Earnings
As at March 31, 2018	**(1,797.96)**
Profit for the year	(188.67)
Other Comprehensive Income	0.41
Total comprehensive income	**(188.26)**
As at March 31, 2019	**(1,986.22)**
Profit for the year	479.17
Other Comprehensive Income	(2.45)
Total comprehensive income	**476.72**
As at March 31, 2020	**(1,509.50)**

Cash flow statement for the year ended March 31, 2020

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

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
A) Cash flows from operating activities			
Profit / (loss) before tax		496.36	(188.67)
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	23	6.35	3.09
Liabilities no longer required written back	19	(1.08)	(3.54)
Fair value gain on financial instrument at fair value through profit & loss	19	(0.79)	(6.88)
Finance cost		(6.43)	1.28
Interest income	19	(79.50)	(78.68)
Dividend income	19	(0.49)	(4.34)
Working capital adjustments			
(Increase) in trade receivables		(22.05)	(345.59)
Decrease / (Increase) in other financial assets		29.73	(22.89)
(Increase) / Decrease in other assets		(914.41)	178.39
Increase in trade payables		886.92	27.97
Increase / (Decrease) in other financial liabilities		8.32	(14.17)
Increase / (Decrease) in provisions		20.40	(11.87)
(Decrease) / Increase in other liabilities		(906.22)	385.74
Net Cash generated from operations (A)		**(482.89)**	**(80.16)**
Direct taxes (paid)/ refunds received (net)		(6.38)	5.83
Net cash flow (used in) operating activities		**(476.51)**	**(85.99)**
B) Cash flows from investing activities			
(Purchase) / Sale of Property, plant and equipment and Intangible assets		(32.77)	0.12
Proceeds from sale of Investments		17.89	532.86
Interest/dividend/brokerage received		79.99	83.02
Proceeds from / (purchases of) bank deposits		254.75	(497.36)
Net cash flow from investing activities (B)		**319.86**	**118.64**
C) Cash flows from financing activities			
Proceeds from short term borrowings		191.15	-
Interest paid		6.43	(1.28)
Net cash flow from/ (used in) financing activities (C)		**197.58**	**(1.28)**
Net increase in cash and cash equivalents		**40.93**	**31.37**
Cash and cash equivalents at the beginning of the year		76.64	45.27
Cash and cash equivalents at the end of the year		**117.57**	**76.64**

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

	Note No.	March 31, 2020	March 31, 2019
Cash and cash equivalents	9 (a)	**117.57**	**76.64**
Balances as per cash flow statement		**117.57**	**76.64**

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 05, 2020

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

Hemant Mohgaonkar
Director
DIN: 1308831

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: June 05, 2020

Notes to financial statements for the year ended March 31, 2020

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

1. Corporate information

Thermax Cooling Solutions Limited ('the Company') supplies Air Cooled Condensers [ACC] which are 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. The Board of Directors have authorized to issue these financial statements on June 5, 2020. 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 (as amended from time to time) and presentation requirement od 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, assumptions 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)
- Defined benefit plans whereby the plan assets are measured at fair value

2.2 Changes in accounting policies and disclosures

The Company has adopted Ind AS 116 w.e.f. April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 116 was issued on March 30, 2019 and mainly supersedes Ind AS 17 Lease. Ind AS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Company has no leases which require right-of-use to be accounted for since the leases are short term and cancellable in nature. Accordingly, there is no impact of IND AS 116 in the books of the Company.

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 Rupees, which is the also functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

c. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

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

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 no. 31 (b))
- Financial instruments (Note no. 2.3 (g))

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Property, Plant and Equipment

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified 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	3 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. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets 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)
Computer software	3 to 5

f. Revenue recognition

i. Revenue from Contracts with customers

Revenue from contracts with customers is recognised 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 the parties, the right of the parties is identified, the 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 its revenue arrangements as it has pricing latitude and is also exposed to credit risk. The Company collects goods and service tax on behalf of government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

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.

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 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:

i. The customer simultaneously consumes the benefits as the Company performs, or

ii. The customer controls the work-in-progress, or

iii. 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.

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(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 as the case may be.

ii. 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. Interest income is included in the other income in the Statement of profit and loss.

iii. Dividend

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

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

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 marketplace (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.

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 and credit risk exposure on the financial assets that are debt instruments at amortised costs; e.g. loans, deposits, trade receivables and bank balance.

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. 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.

Subsequent measurement

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

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.

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.

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.

h. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i. 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.

j. 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.

k. 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

l. 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.

3. Significant accounting judgments, estimates and assumptions

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

3.1 Judgments

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

i. Revenue from contracts with customers

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

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. ACC project contracts:

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.
- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.
- **Recognition of contract variations:** The Company recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence
- **Provision for onerous contracts:** The Company provides for future losses on contracts where it is considered highly probable that the contract costs are likely to exceed revenues in future years. Estimating

these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time.

ii. Impairment of non-financial assets

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

iii. Defined benefit plans - gratuity

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

iv. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

v. Warranty provision

The Company generally offers warranty for its various products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability.

vi. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period after the supplies are completed.

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

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4 (a) Property, Plant and Equipment

Particulars	Computer	Office Equipment	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Gross carrying amount as at 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)	-	-	-	(0.30)
Gross carrying amount as at March 31, 2019	**11.32**	**0.21**	**0.02**	**1.31**	**2.94**	**15.80**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Gross carrying amount as at March 31, 2020	**11.32**	**0.21**	**0.02**	**1.31**	**2.94**	**15.80**
Accumulated depreciation 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**
Charge for the year	3.54	-	-	-	-	3.54
Disposals	-	-	-	-	-	-
Closing accumulated depreciation as at March 31, 2020	**9.01**	**0.09**	**-**	**1.22**	**2.71**	**13.03**
Net block March 31, 2020	**2.31**	**0.12**	**0.02**	**0.09**	**0.23**	**2.77**
Net block March 31, 2019	**5.85**	**0.12**	**0.02**	**0.09**	**0.23**	**6.31**

4 (b) Intangible assets

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2018	3.09	3.09
Additions	-	-
Disposals	-	-
Gross carrying amount as at March 31, 2019	**3.09**	**3.09**
Additions	32.77	32.77
Disposals	-	-
Gross carrying amount as at March 31, 2020	**35.86**	**35.86**
Accumulated amortisation as at April 1, 2018	**2.56**	**2.56**
Charge for the year	0.53	0.53
Disposals	-	-
Closing accumulated amortisation as at March 31, 2019	**3.09**	**3.09**
Charge for the year	2.81	2.81
Disposals	-	-
Closing accumulated amortisation as at March 31, 2020	**5.90**	**5.90**
Net block March 31, 2020	**29.96**	**29.96**
Net block March 31, 2019	**-**	**-**

5 Loans

(a) Non-current loans

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Unsecured, considered good		
Security deposits*	1.93	31.56
Total	**1.93**	**31.56**

*Include deposits given to related parties Rs. Nil (March 31, 2019 Rs 30.42).

(b) Current loans

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Unsecured, considered good		
Loans to employees	0.68	1.17
Total	**0.68**	**1.17**

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.

6 Other assets

(a) Other non-current assets

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Unsecured, considered good		
Balances with government authorities	3.10	4.05
Total	**3.10**	**4.05**

(b) Other current assets

	As at March 31, 2020	As at March 31, 2019
Unsecured considered good		
Advance to supplier	1,466.14	557.48
Advances to employee	2.17	2.32
Prepaid expenses	10.33	4.05
Balances with government authorities	14.77	14.20
Total	**1,493.41**	**578.05**

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

7 Current Investments

Particulars	**Face value per unit**	**Number of Units**		**Amount**	
		March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Investments in mutual funds :					
Investments at Fair value through Profit and Loss					
Liquid/ liquid plus and duration funds (unquoted)					
Kotak liquid direct plan growth	Rs. 10	6	483	0.24	5.91
ICICI prudential money market fund - dividend reinvestment	Rs. 10	-	2,665	-	2.67
UTI liquid cash plan	Rs. 10	4	878	0.12	8.96
Tata liquid fund direct growth plan	Rs. 10	-	24	-	0.70
ABSL liquid fund -growth direct	Rs. 10	514	514	1.64	1.54
DSP liquidity fund direct plan growth	Rs. 10	33	13	0.95	0.36
L&T liquid fund direct plan -growth	Rs. 10	51	51	1.40	1.32
Total current investments				**4.35**	**21.45**
Aggregate amount of unquoted investments and market value thereof				**4.35**	**21.45**

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 31 for determination of their fair values.

8 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Receivables from related parties (refer note 30(f))	165.84	175.49
Others	1,085.43	1,053.73
Total receivables	**1,251.27**	**1,229.22**
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	1,390.53	1,229.22
Trade Receivables which have a significant increase in credit risk	-	10.32
Trade Receivables - credit impaired	15.66	-
	1,406.19	**1,239.54**
Less: Impairment allowance	(154.92)	(10.32)
Total	**1,251.27**	**1,229.22**

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 of the trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

9 (a) Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Cash and cash equivalents		
Balances with banks		
- in current accounts	117.57	76.64
Total	**117.57**	**76.64**

9 (b) Other bank balances

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	1,060.61	1,315.36
Total	**1,060.61**	**1,315.36**

9 (c) **Changes in liabilities arising from financing activities**

Particulars	Borrowings
As on April 1, 2018	-
Cash flow	-
Others	-
As on March 31, 2019	-
Cash flow	191.15
Others	-
As on March 31, 2020	**191.15**

10 **Other financial assets**

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Unbilled revenue (Contract assets)	5.90	9.35
Interest accrued on bank deposits	41.89	38.05
Total	**47.79**	**47.40**

11 **Share capital**

	As at March 31, 2020	As at March 31, 2019
Authorized shares (Nos)		
50,000,000 (Previous Year: 50,000,000) Equity Shares of Rs 10 /- each.	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid share capital (Nos)		
20,000,000 (Previous Year: 20,000,000) 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**

Particulars	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2018	20,000,000
Changes during the period	-
At March 31, 2019	20,000,000
Changes during the period	-
At March 31, 2020	**20,000,000**

(b) **Terms/ rights attached to equity shares**

The Company has one class of equity shares having a face 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) **Equity shares held by ultimate holding / holding company**

	As at March 31, 2020	As at March 31, 2019
Holding company		
Thermax Limited	2,000.00	1,020.00
20,000,000 (March 31, 2019: 10,200,000) 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, 2020	As at March 31, 2019
Thermax Limited		
%	100.00	51.00
No. of shares	20,000,000	10,200,000
Balcke-Dürr GmbH		
%	-	26.00
No. of shares	-	5,200,000
Mutares Holding-24 AG		
%	-	23.00
No. of shares	-	4,600,000

12 **Other equity**

	As at March 31, 2020	As at March 31, 2019
Reserves and surplus		
Retained earnings		
Opening balance	(1,986.22)	(1,797.96)
Add: Profit/ (Loss) for the year	479.17	(188.67)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements (loss)/ gain of post-employment benefit obligations,	(2.45)	0.41
Net (deficit) in the statement of profit and loss	**(1,509.50)**	**(1,986.22)**
Total	**(1,509.50)**	**(1,986.22)**

13 **Borrowings**

	As at March 31, 2020	As at March 31, 2019
Bank overdraft	191.15	-
Total	**191.15**	**-**

The bank overdraft carries interest rate of MCLR (Marginal Cost of Fund Based Lending Rate) 6 months and spread per annum (currently 8.90%). Thermax Limited (Holding company) has given Corporate guarantee for security against such Bank Overdraft.

14 **Trade payables**

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises	139.76	380.32
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (refer note 30(f))	455.91	89.54
(ii) Others	1,125.44	364.33
Total	**1,721.11**	**834.19**

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, 2020	As at March 31, 2019
1. 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*	138.93	379.04
- Interest due thereon	0.83	1.28

	As at March 31, 2020	As at March 31, 2019
2. The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3. The amount of payment made to the supplier beyond the appointed day during the year	398.80	-
4. 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	4.70	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	5.53	1.28
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	1.28	-

15 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Employee related payables	42.20	33.88
Total	**42.20**	**33.88**

16 Current provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 29 (a))	7.06	7.27
Provision for leave encashment	26.84	26.58
	33.90	**33.85**
Other provisions		
Provision for onerous contracts	22.62	24.58
Provision for warranties	85.96	61.20
	108.58	**85.78**
Total	**142.48**	**119.63**

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 8.60 higher or lower (March 31, 2019 Rs. 6.12)

Provision for onerous contracts

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the estimated economic benefits. The timing of cash outflows in respect of such provision is over the contract period.

Movement in provisions

	Provision for onerous contracts	Provision for warranties
As at April 1, 2019		
Balance at the beginning	24.58	61.20
Additional provision recognised	18.50	41.17
Utilised/ Reversed	(20.46)	(16.41)
As at March 31, 2020	**22.62**	**85.96**
Current	22.62	85.96
Non-Current	-	-
Total	**22.62**	**85.96**

17 Other liabilities

	As at March 31, 2020	As at March 31, 2019
Unearned revenue (Contract liabilities)	581.62	1,097.04
Customer advance (Contract liabilities)		
(i) Related parties (refer note 30(f))	236.79	126.23
(ii) Others	609.46	1,115.49
Statutory dues and other liabilities*	9.20	5.61
Total	**1,437.07**	**2,344.37**

*includes tax deducted at source, professional tax payable and provident fund.

For terms and conditions with related parties, refer note 30.

18 Revenue from operations

(a) Revenue from contracts with customers:

	As at March 31, 2020	As at March 31, 2019
Revenue from projects and related services	5,416.43	6,843.09
	5,416.43	**6,843.09**

(b) Other operating income

	As at March 31, 2020	As at March 31, 2019
Export Incentive	0.68	-
Exchange fluctuation gain (net)	3.02	6.62
	3.70	6.62
Total revenue from operations	**5,420.13**	**6,849.71**

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

i) Revenue by category of contracts:

	As at March 31, 2020	As at March 31, 2019
Over a period of time basis	5,416.43	6,843.09
At a point-in-time basis	-	-
Total revenue from contracts with customers	**5,416.43**	**6,843.09**

Revenue by geographical market:

	As at March 31, 2020	As at March 31, 2019
Within India	5,385.55	6,843.09
Outside India	30.88	-
Total revenue from contracts with customers	**5,416.43**	**6,843.09**
Other operating income	3.70	6.62
Total revenue from operations	**5,420.13**	**6,849.71**

ii) Contract balances

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

	As at March 31, 2020	As at March 31, 2019
Trade receivables (refer note 8)	1,251.27	1,229.22
Unbilled revenue (Contract assets) (refer note 10)	5.90	9.35
Unearned revenue (Contract liabilities) (refer note 17)	581.62	1,097.04
Customer advances (Contract liabilities) (refer note 17)	846.25	1,241.72

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to trade receivables on completion of milestones and its related invoicing.

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

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

	As at March 31, 2020	As at March 31, 2019
Unearned revenue	1,006.41	928.18
Customer advance	1,072.84	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 :

	As at March 31, 2020	As at March 31, 2019
Opening unbilled revenue (refer note 10)	9.35	6.63
Opening unearned revenue (refer note 17)	1,097.04	928.18
	(1,087.69)	**(921.55)**
- Transfer of contract assets to receivable from opening unbilled revenue	(7.43)	(6.63)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	1,006.41	928.18
- Transfer of contract assets to receivable	(4,895.07)	(6,992.56)
- Increase in revenue as a result of changes in the measure of progress	4,408.06	5,914.91
	511.97	**(156.10)**
Closing unbilled revenue (refer note 10)	5.90	9.35
Closing unearned revenue (refer note 17)	581.62	1,097.04
	(575.72)	**(1,087.69)**

v) Performance obligations

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.

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.

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.

	As at March 31, 2020	As at March 31, 2019
Amount of revenue yet to be recognised for contracts in progress as on March 31	489.00	2,311.87

The Company expects that a significant portion of the remaining performance obligation will be completed within next 2 years.

vii) 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) The company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties relating to revenue in future period.

19 Other income

	As at March 31, 2020	As at March 31, 2019
Interest income from financial assets at amortised cost		
Bank deposits	78.17	78.62
Others	1.33	0.06
Dividend income		
Current investment	0.49	4.34
Liabilities no longer required written back	1.08	3.54
Fair value gain on financial instrument at fair value through profit and loss	0.79	6.88
Miscellaneous income	1.18	12.66
Total	**83.04**	**106.10**

20 Projects bought outs and Components

	As at March 31, 2020	As at March 31, 2019
Projects bought outs and Components	3,765.00	6,181.02
Total	**3,765.00**	**6,181.02**

21 Employee benefits expense

	As at March 31, 2020	As at March 31, 2019
Salaries,wages and bonus	329.23	259.25
Contribution to provident and other funds	30.89	27.51
Gratuity expense (refer note 29 (a))	4.45	2.83
Staff welfare expenses	10.57	5.53
	375.14	**295.12**

22 Finance Cost

	As at March 31, 2020	As at March 31, 2019
Interest expense:		
- Bank	5.60	-
- Others	0.83	1.28
	6.43	**1.28**

23 Depreciation and amortisation expense

	As at March 31, 2020	As at March 31, 2019
Depreciation of property, plant and equipment (refer note 4(a))	3.54	2.56
Amortisation of intangible assets (refer note 4(b))	2.81	0.53
	6.35	**3.09**

24 (a) Other expenses

	As at March 31, 2020	As at March 31, 2019
Consumption of stores and spare parts	3.82	5.54
Power and fuel	3.64	5.30
Freight and forwarding charges (net)	177.43	266.84
Site expenses and Contract labour charges	264.05	196.86
Drawing, design and technical service charges	4.25	16.51
Advertisement and sales promotion	0.30	0.28
Rent	45.87	75.70
Rates and taxes	12.28	1.72
Insurance	6.72	3.22
Repairs and maintenance		
Buildings	-	3.18
Others	7.65	2.07
Travelling and conveyance	35.05	33.71
Legal and professional fees (includes payment to auditor, refer note 24(b))	79.84	20.77
Director sitting fees	-	2.20
Doubtful advances/ deposits	8.09	-
Commission on Sales	2.64	-
Provision for impairment allowance of financial asset (net)	144.60	(6.44)
Warranty expenses (net)	25.63	18.75
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	32.03	17.76
Total	**853.89**	**663.97**

(b) Payment to auditors

	As at March 31, 2020	As at March 31, 2019
As auditor		
Audit Fee	6.00	2.50
Tax audit fee	-	0.35
In other capacity		
Other services	-	0.15
Reimbursement of expenses	0.30	0.10
Total	**6.30**	**3.10**

25 Income Taxes

	As at March 31, 2020	As at March 31, 2019
Current Tax	17.19	-
Deferred Tax	-	-
Total	**17.19**	**-**

The Company has computed the tax expense of the current financial period as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, the current tax expense year ended March 31, 2020, has been determined at the rate of 25.17%.

The Company offset tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and liabilities. The Company has tax losses which arose in India of Rs. 1,204.83 (March 2019: Rs. 1,816.85) that are available for offsetting for eight years against future taxable profits. The unabsorbed depreciation in India is Rs. Nil (March 2019: Rs. 13.64) that are available for offsetting without any limit subject to certains terms. Deferred tax assets has not been recognised in books because of uncertainity of future taxable profits.

26 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	Retained Earnings
During the year ended March 31, 2020	
Re-measurement (losses) on defined benefit plans	(2.45)
Total	(2.45)
During the year ended March 31,2019	
Re-measurement gains on defined benefit plans	0.41
Total	**0.41**

27 Earning/ (Loss) per share

	As at March 31, 2020	As at March 31, 2019
Net profit attributable to the Equity shareholders of the Company	479.17	(188.67)
Weighted average number of Equity shares of Rs.10/- each	20,000,000	20,000,000
Basic and Diluted Earning/ (Loss) per share	2.40	(0.94)

28 Lease commitments

Operating lease: Company as lessee

The Company had taken office buildings on a short term cancellable operating lease from the Holding company. During the year, the rent agreement was terminated and the Company entered into another agreement for management services which includes office space and other management services from the Holding Company. There were no sub-leases.

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

	As at March 31, 2020	As at March 31, 2019
Lease payments for the year	45.87	75.70

29 (a) Gratuity

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

The fund is subject to risks like changes in assets yields. 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. 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, 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	-	-	-
Moratlity charges	-	-	-
Benefits paid/transfer out	(2.44)	1.21	(1.23)
March 31, 2019	**33.39**	**(26.12)**	**7.27**
Current service cost	4.20	-	4.20
Interest expense/(income)	2.53	(2.28)	0.25
Total amount recognised in Profit or Loss	**6.73**	**(2.28)**	**4.45**
Experience adjustments	3.38	(0.05)	3.33
Actuarial (gain)/loss from change in financial assumptions	(0.88)	-	(0.88)
Total amount recognised in Other Comprehensive Income	**2.50**	**(0.05)**	**2.45**
Employer contributions	-	(7.76)	(7.76)
Moratlity charges	-	(0.66)	(0.66)
Benefits paid/ transfer out	(0.11)	0.10	(0.01)
March 31, 2020	**42.51**	**(35.45)**	**7.06**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded obligation	42.51	33.39
Fair value of plan assets	(35.45)	(26.12)
Net Liability	**7.06**	**7.27**

III Significant assumptions

The significant actuarial assumptions were as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.30%	7.60%
Salary growth rate		
- for first year	0.00%	7.00%
- thereafter	6.00%	7.00%
Expected return on plan assets	7.60%	7.80%
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 assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
Discount rate		
1.00% increase	Decrease by 2.46	Decrease by 2.16
1.00% decrease	Increase by 2.75	Increase by 1.95
Future salary increase		
1.00% increase	Increase by 2.32	Increase by 1.69
1.00% decrease	Decrease by 1.80	Decrease by 1.82
Attrition Rate		
1.00% increase	Decrease by 0.06	Increase by 0.07
1.00% decrease	Increase by 0.07	Decrease by 0.06

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	As at March 31, 2020	As at March 31, 2019
Within next 12 months	7.76	3.63
Between 2-5 years	18.82	19.13
Between 6-10 years	51.13	28.92

V The major categories of plan assets are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Investments with Insurer (LIC of India)	100.00%	100.00%

(b) Contribution 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. 16.93 (March 31, 2019 Rs. 14.02) The Compaany has also made contibution to super annuation funds amounting to Rs. 13.96 (March 31, 2019: Rs. 13.49).

30 Related party disclosures

(a) Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2020	March 31, 2019	
1	RDA Holdings Private Limited	India	-	-	Ultimate holding company
2	Thermax Limited	India	100.00%	51%	Holding company

(b) Fellow Subsidiaries with whom transactions have taken place

Sr No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Engineering Construction Company Ltd.	India
2	Thermax Babcock & Wilcox Energy Solutions Pvt Ltd	India

(c) Party having substantial interest

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2020	March 31, 2019
1	Balcke Durr GmbH	Germany	0%	26%
2	Mutares Holding-24 AG	Mauritius	0%	23%

(d) Key Management Personnel:

Sr. No.	Name	Designation
1	Ravinder Advani	Director
2	Hemant Mohgaonkar	Director (w.e.f. April 11, 2019)
3	Wolf Cornelius	Director (upto April 11, 2019)
4	Rajendran Arunachalam	Director (w.e.f. May 10, 2019)
5	Amitabha Mukhopadhyay	Director (upto May 30, 2019)
6	Mahesh Kulkarni	Manager (upto November 7, 2019)
7	Ravi Shewade	Manager (upto November 7, 2019)
8	Dinesh Badgandi	Chief Executive Officer (w.e.f. November 8, 2019)
9	Sanjay Jakhotiya	Chief Financial Officer (upto February 19, 2020)
10	Rohit Joshi	Company Secretary (upto August 9, 2019)
11	Kajal Kabra	Company Secretary (w.e.f January 24, 2020)

(e) Transactions with Related parties:

	Thermax Limited		Thermax Engineering Construction Co. Ltd		Thermax Babcocks & Wilcox Energy Solutions Pvt Ltd		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a. Transactions during the year								
Revenue from contracts with customer	254.25	1,510.00	-	-	-	-	254.25	1,510.00
Purchase of Intangible Asset	32.77	-	-	-	-	-	32.77	-
Projects bought outs and Components	-	-	-	-	-	11.91	-	11.91
Rent Paid	28.69	-	-	-	-	-	28.69	-
Remuneration to Key management personnel	18.98	-	3.19	-	-	-	22.17	-
Commision on sales	3.11	-	-	-	-	-	3.11	-
Power and Fuel	2.95	-	-	-	-	-	2.95	-
Repairs and maintenance : others	14.15	-	-	-	-	-	14.15	-
Reimbursement of expenses	10.14	36.12	-	-	-	-	10.14	36.12

(f) Balances with Related parties:

	Thermax Limited		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
b. Balances as at the year end				
Trade receivables	165.84	175.49	165.84	175.49
Security Deposit	-	30.42	-	30.42
Customer advances	236.79	126.23	236.79	126.23
Trade payables and other liabilities	455.91	89.54	455.91	89.54
Corporate guarantee received	3,500.00	-	3,500.00	-

(g) Independent Director's Sitting Fee

Particulars	As at March 31, 2020	As at March 31, 2019
Mr. Sunder Parthasarathy	-	1.10
Mr. Sanjay Parande	-	1.10

(h) KMP Remuneration

Particulars	As at March 31, 2020	As at March 31, 2019
Mahesh Kulkarni	17.71	27.27
Ravi Shewade	18.22	26.07
Dinesh Badgandi	10.83	-
Sanjay Jakhotiya	9.28	-
Rohit Joshi	2.38	4.86
Kajal Kabra	2.13	-

31 Fair value measurements

(a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,251.27	1,229.22
Loans	2.61	32.73
Other financial assets	47.79	47.40
Cash and cash equivalents	117.57	76.64
Bank balances other than cash and cash equivalents	1,060.61	1,315.36
Total	**2,479.85**	**2,701.35**
Current assets	2,477.92	2,669.79
Non-current assets	1.93	31.56
Total	**2,479.85**	**2,701.35**

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

While calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Investments	4.35	21.45
Total	**4.35**	**21.45**
Current assets	4.35	21.45
Non-current assets	-	-
Total	**4.35**	**21.45**

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

Details of financial liabilities carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	191.15	-
Trade payable	1,721.11	834.19
Employee related payables	42.20	33.88
Total	**1,954.46**	**868.07**
Current assets	1,954.46	868.07
Non-current assets	-	-
Total	**1,954.46**	**868.07**

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

(b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

Particulars	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2020	4.35

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

Particulars	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2019	21.45

The company transactions are primarily denoted in Indian Rupees, hence the risks associated with foreign currency transactions are not significant.

32 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.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

c Price risk

The Company is not exposed to such kind of risk.

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 8 above. The charge of impairment to

Statement of profit and loss is diclosed in note 24(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2020 and March 31, 2019 is the carrying amounts as disclosed in Note 9(a) and 9(b).

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.

(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, 2020	< 1 year	1 to 3 years	> 3 years
Borrowings	191.15	-	-
Trade Payables	1,721.11	-	-
Other financial liabilities			
Employee related payable	42.20	-	-

March 31, 2019	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	-	-	-
Trade Payables	834.19	-	-
Other financial liabilities			
Employee related payable	33.88	-	-

33 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. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2020.

	As at March 31, 2020	As at March 31, 2019
Trade payables	1,721.11	834.19
Current Borrowings	191.15	-
Less: Cash and cash equivalents	(1,178.18)	(1,392.00)
Net debt	**734.08**	**(557.81)**
Equity	490.50	13.78
Capital and net debt	243.58	(571.59)

34 COVID-19 situation and impact

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared a national lockdown on March 24, 2020 and which has been extended from time to time. The Coronavirus is significantly impacting on business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of customer sites etc. The Company is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government. The Company has evaluated its liquidity position and recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage.

35 The financial statements for the previous year were audited by another firm of Chartered Accountants.

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: June 05, 2020

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

Hemant Mohgaonkar
Director
DIN: 1308831

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: June 05, 2020

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors

M. S. Unnikrishnan, Chairman
Nawshir Mirza
Ashish Bhandari
Pravin Karve
Rajendran Arunachalam
Ravinder Advani

Registered Office

Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema,
Colaba, Mumbai - 400039, Maharashtra, India.

Auditors

SRBC & Co. LLP (FRN- 324982E/E300003)
C- 401, 4th floor,
Panchshil Tech park,
Yerawada,
Pune - 411006.

Key Managerial Personnel

Pravin Karve, Chief Executive Officer
Lata Kumar, Chief Financial Officer
Apurva Gupte, Company Secretary

Corporate Office

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

Bankers

ICICI Bank Ltd.
Citibank N.A.,
Hong Kong & Shanghai Banking Corporation,
Corporation Bank,

Manufacturing Facility

Plot No. A-2 & A-3, Khandala Industrial Area, Phase-I, MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara-412802, Maharashtra.
Plant No. 5, 12, 15 at D-13, MIDC, Industrial Area, R.D. Aga road, Chinchwad, Pune- 411019
Survey No. 169, Village Dhrub, Taluka Mundra, Mundra 370421, District Kutch, Gujarat.
Plot No 21-1/2/3, GIDC Manjusar, Taluka Savali, District - Vadodara - 391775, Gujarat.

DIRECTORS' REPORT

Dear Shareholder,

Your directors take pleasure to present the Tenth Annual Report, together with the audited financial statements of your Company for the year ended March 31, 2020.

FINANCIAL RESULTS

(Rs. in crore)

Particulars	2019-20	2018-19
Total income	**2042.30**	1743.47
Profit/(Loss) before exceptional items and tax	**108.56**	161.06
Exceptional items	**-**	133.47
Profit /(Loss) before tax	**108.56**	294.53
Current Tax	**17.88**	60.12
Deferred tax	**61.69**	(104.93)
Profit/ (Loss) for the year	**28.99**	339.34

PERFORMANCE

During the year, the Company earned a total income of Rs. 2042.30 crore as against Rs. 1743.47 crore in the previous year. Profit after tax was Rs. 28.99 crore as against previous year's profit of Rs. 339.34 crore. Profit for the year before tax was Rs. 108.56 crore.

During the year, the Boiler & Heater (B&H) business of Thermax Limited was acquired by your Company through a slump sale agreement as a going concern. Upon acquisition of B&H business, the Company has become a fully integrated boiler manufacturer offering boilers suitable for 6 MWe to 800 MWe power generation and heaters upto 100 MMKcal/Hr size firing variety of solid, Oil/Gas, waste fuels as well as waste heat solutions. The Company will offer a very wide range of technologies such as Stoker firing, AFBC, CFBC, PC, Burner firing.

Your Company will now also offer wide range of services to support the life cycle operation of entire range of boilers from 6 MWe to 800 MWe & heaters upto 100 MMKcal/Hr. One of the Company's customers recently achieved a rare feat of 600+ days of continuous operation of CFBC Boiler, the Company also supported this customer with onsite O&M assistance, technical insights for continuous operation. The services business of the Company intensified its focus on the spare parts business. It is further widening its offerings to include boiler re-deployment, repowering, rejuvenation, refueling projects.

The Company has further completed supply of large auxiliary boilers to one of the largest refineries in Africa. These auxiliary boilers are plug and play type, completely assembled at the Company's port assembly facility at Mundra. The combined business of the Company saw stagnant revenues on account of stagnation in the user industry of Cement, Steel, Power, etc. The future outlook of the demand in these industries is also uncertain.

AMOUNTS TRANSFERRED TO RESERVES

There was no transfer to reserves during the reporting period.

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

There was no change in the share capital of the Company.

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 the Financial Statements.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has constituted the Audit & Risk Management Committee in accordance with the provisions of the Companies Act, 2013 and thus direct access to the Chairman of the Audit & Risk Management Committee in exceptional or appropriate cases would be provided in the said mechanism.

EMPLOYEE STRENGTH

The total number of permanent employees on the rolls of the Company as on March 31, 2020, were 747.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the Company Secretary. The information is also available for inspection at the corporate office during working hours up to the date of the Annual General Meeting.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on the conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as

Annexure 1.

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 internal auditors, there are no findings which have significantly impacted the financial reporting.

BOARD EVALUATION

The Board has not carried out an annual evaluation in this year since the Board is newly re- constituted, the Board evaluation will be conducted in the next year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Mr. Amitabha Mukhopadhyay and Mrs. Meher Pudumjee, Directors have tendered resignation on May 31, 2019 and June 7, 2019 respectively from the directorship of the Company.

Mr. Pravin Karve was appointed as the CEO and Director of the Company and Mr. Rajendran Arunachalam was appointed as a Director of the Company w.e.f. June 7, 2019. Mr. Nawshir Mirza was appointed as the Director of the Company w.e.f. August 6, 2019. Mr. Ashish Bhandari was appointed as an additional Director of the Company w.e.f. June 12, 2020 to hold office up to the next Annual General Meeting of the Company.

As per 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.

Key Managerial Personnel (KMP)

Mr. Ravinder Advani resigned from the post of CEO of the Company w.e.f. June 7, 2019, he continues to be a director of the Company. Mr. Pravin Karve was appointed as the CEO of the Company w.e.f. June 7, 2019.

Mr. Abhay Shah resigned as the CFO of the Company w.e.f August 6, 2019 and Mrs. Lata Kumar was appointed as the CFO w.e.f. August 6, 2019.

Board Meetings

During the year, the Board met four times on May 17, 2019, August 6, 2019, November 11, 2019 and January 31, 2020. The intervening gap between the meetings was as prescribed under the Companies Act, 2013.

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, 2020, 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, 2020 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 Management 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 2".

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company is committed to provide a safe and conducive work environment to its employees.

There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATUTORY AUDITORS

M/s. SRBC & Co. LLP, Chartered Accountants, was appointed as the statutory auditors of the Company till the conclusion of Annual General Meeting (AGM) held for the FY 2019-20. The Audit & Risk Management Committee has recommended appointment of M/s. SRBC & Co. LLP, Chartered Accountants, for a term of five years at the ensuing AGM. Necessary resolution for such appointment is mentioned in the Notice of the AGM for approval of the members.

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. Anurag Vyas & Associates, Company Secretaries, Pune as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed herewith as "Annexure 3" and is self-explanatory.

COST AUDITORS

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune have been appointed as the Cost Auditors of the Company for FY 2020-21.

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.

Place: Pune
Date: June 12, 2020

M.S. Unnikrishnan
Chairman

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

A. Conservation of Energy

(i) Steps taken for Conservation of Energy

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

a. Electricity:

The company continued its efforts to utilise energy optimally at its manufacturing facilities and office locations in India. Energy conservation measures adopted across company have made energy usage more efficient.

At Chinchwad, lighting Systems have improved by changing over to light emitting diodes (LEDs), replacing CFL and higher watt High Pressure Sodium Vapour (HPSV) lamps with lower watt lamps. Another initiative comprises the reconditioning of chiller at Energy house, Pune.

b. Fuel:

At Chinchwad, the LPG has replaced with commissioning of PNG for the cutting and preheating of shells operation purpose.

All these measures including solar rooftop installations have resulted into annual saving of Rs. 52.30 lacs.

c. Water:

The company continued its efforts to conserve water resources by recycling a major portion of its wastewater and reducing its water consumption as well as controlling water losses in manufacturing and office locations of the company. These efforts at factory locations of Chinchwad, Savli, Mundra, Shirwal have resulted in saving 39144 m3 water during the year.

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

The company continues its efforts to utilise alternate sources of energy at plant locations. The total installed capacity of 772 kWp of rooftop captive solar power generation projects at Savli, and Energy house office at Pune have generated 5.68 lacs units during year.

B. Expenditure on R&D- Nil

C. Foreign exchange Earnings and Outgo

During the year the company had net foreign exchange inflows of Rs. 1124.60 crore.

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[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, 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:

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)

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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt(s)	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	628222490	-	628222490	100	-	628222490	628222490	100	0
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other (Relative of Director)	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	**628222490**	**-**	**628222490**	**100**	**-**	**628222490**	**628222490**	**100**	**0**
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)= (A)(1)+(A) (2)	**628222490**	**-**	**628222490**	**100**	**-**	**628222490**	**628222490**	**100**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	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									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	10	0	10	0	10	0	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)									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C) Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**628222500**	**0**	**628222500**	**100**	**10**	**628222490**	**628222500**	**100**	**0**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		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	628222490	100	NIL	628222490	100	NIL	-
	TOTAL	**628222490**	**100**	**NIL**	**628222490**	**100**	**NIL**	**-**

iii) Change in Promoters' Shareholding: (including preference share capital)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2019)		Shareholding at the end of the year (As on 31-03-2020)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
------------------------------------NIL------------------------------------					

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

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
------------------------------------NIL------------------------------------								

V. INDEBTEDNESS:

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

				Amount in Rs. crore
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)	-	-	-	-
i) Principal Amount	38.63	127.70	-	166.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	3.06	-	3.06
Total (i+ii+iii)	**38.63**	**130.76**	**-**	**169.39**
Change in indebtedness during the financial year				
Addition	-	311.16	-	311.16
Reduction	3.19	52.04	-	55.23
Net Change	(3.19)	259.12	-	255.93
Indebtedness at the end of the financial year (31.03.2020)				
i) Principal Amount	35.44	376.66	-	412.10
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	13.22	-	13.22
Total (i+ii+iii)	**35.44**	**389.88**	**-**	**425.32**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

		Rs. in crore
Sl. no.	Particulars of Remuneration	Total Amount
------------------------------------NIL------------------------------------		

B. Remuneration to other Directors:

				Amount in Rs.
Sl.No.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
1.	Independent Directors	-	-	
	Fee for attending board / committee meetings	---------------------NIL--------------------		
	Commission			
	Others, please specify			
	Total (1)			
2.	Other Non-Executive Directors/ Directors	**Nawshir Mirza**	**Ravinder Advani**	
	Fee for attending board / Committee meetings	1,35,000	1,35,000	
	Commission	90,000	1,35,000	
	Others, please specify			
	Rent for Premises			
	Security Deposit for Lease Premises			
	Total (2)	2,25,000	2,70,000	
	Total (B) = (1+2)	2,25,000	2,70,000	
	Total Managerial (A+B) Remuneration	2,25,000	2,70,000	
	Over all Ceiling as per the Act			

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

		Amount in Rs.
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**
I.	**Pravin Karve – CEO***	
1.	Gross salary	1,07,44,078
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	1,07,44,078
c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission	
5.	- as% of profit	
6.	- Others, specify	
7.	Others, please specify (Retiral Benefits)	
	TOTAL	**1,07,44,078**
II.	**Lata Kumar – CFO****	
1.	Gross salary	18,46,228
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	18,46,228
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)	
	TOTAL	**18,46,228**
III.	**Apurva Gupte – Company Secretary**	
1.	Gross salary	550420
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	550420
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)	
	TOTAL	**550420**

(* Appointed w.e.f. June 7, 2019,** Appointed w.e.f. August 6, 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					
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.

Place: Pune,
Date: June 12, 2020

M. S. Unnikrishnan
Chairman

ANNEXURE 3

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended March 31, 2020

[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 (CIN: U29253MH2010PTC204890)** (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 March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2020 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 thereunder; ***(NOT APPLICABLE TO THE COMPANY)***
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under; ***(NOT APPLICABLE TO THE COMPANY)***
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act'); ***(NOT APPLICABLE TO THE COMPANY)***
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; ***(NOT APPLICABLE TO THE COMPANY)***
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; ***(NOT APPLICABLE TO THE COMPANY)***
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; ***(NOT APPLICABLE TO THE COMPANY)***
   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; ***(NOT APPLICABLE TO THE COMPANY)***
   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ***(NOT APPLICABLE TO THE COMPANY)***
   (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993; ***(NOT APPLICABLE TO THE COMPANY)***
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; ***(NOT APPLICABLE TO THE COMPANY)***
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; ***(NOT APPLICABLE TO THE COMPANY)***
6. Other laws specifically applicable to 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 processes the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company has acquired the Boiler & Heater (B&H) business of Thermax Limited through a slump sale.

For, **Anurag Vyas & Associates**
Company Secretaries

Anurag S. Vyas
ACS-41824
C.P. No.- 15536
UDIN: A041824B000311291
Date: June 02, 2020
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"

(01/04/2019 TO 31/03/2020)

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. Due to the lockdown situation arises out of COVID-19 pandemic; we are not able to verify original physical records kept with the office of the company. Hence we have relied upon the copies of documents received through emails from the officers of the company.

3. 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.

4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

5. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.

6. 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.

7. 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 S. Vyas
ACS-41824
C.P. No.- 15536
UDIN: A041824B000311291
Date: June 02, 2020
Place: Pune

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

ECONOMIC REVIEW

Global Economy

During the financial year 2019-20, the global economy slowed down due to several factors such as US-China Trade war, raising trade barriers, geopolitical tensions, etc. This adversely affected our key industrial segments - Oil & Gas, Petrochemicals, Small Captive Power plants in our main markets - South East Asia, Middle East and Africa.

However, some emerging segments like Waste to Energy, Waste Heat Recovery, Distillery, etc are showing promise.

Overall, slower project finalisations negatively affected your company's order booking.

Indian Economy

On the domestic front, the macro economic conditions remained weak with lower offtake & capacity utilization in key customer segments like Cement, Steel, Sugar. This subdued activity in key customer segments adversely affected your company's order booking.

Distilleris, Chemicals, Oil Refineries & Waste Heat Recovery projects in Cement continue to grow, offering your company the opportunity to expand its offering of Waste Heat portfolio.

Overall, the company's order booking was substantially lower than the previous year due to lower project finalisations.

COMPANY OVERVIEW

Your company is an engineering and capital goods manufacturing company. The company offers sustainable solutions in energy to both industrial and utility segments. Our solutions include Turnkey projects involving Fossil fuel fired Boilers, Waste Heat Recovery Systems, Renewable fired boilers, Waste to energy projects and Fired Heaters. The Waste Heat Recovery Solutions are available for a wide spectrum of industries such as cement, sponge iron, refineries & chemical, combined cycle power plants etc. The company also offers a range of Plant Improvement Projects that increase capacity, reliability, emissions performance, useful life and efficiency of existing plants. The company serves its own as well as competitor's customers by offering expert technical services, spare parts, engineering study, remaining life assessment services, etc. It has a global presence with installations in several countries spread over South East Asia, Middle East, Africa and Europe.

Operational Performance

During the year, the Boiler & Heater (B&H) business of Thermax Limited was acquired by your Company through a slump sale agreement as a going concern. Upon acquisition of B&H business, the company has become a fully integrated boiler manufacturer offering boilers suitable for 6 MWe to 800 MWe power generation and heaters upto 100 MMKcal/Hr size firing variety of solid, Oil/Gas, waste fuels as well as waste heat solutions. The company offers a very wide range of technologies such as Stoker firing, AFBC, CFBC, PC, Burner firing.

Your company also offers wide range of services to support the life cycle operation of entire range of boilers from 6 MWe to 800 MWe & heaters upto 100 MMKcal/Hr.

During the year, your company has established capability to deliver large pre assembled Plug & Play Boiler modules. This capability can be leveraged to gain more business from the International markets. This can also be extended to provide Plug & Play solutions for other Process equipments.

One of the company's customers recently achieved a rare feat of 600+ days of continuous operation of its CFBC boiler. We have supported this customer with onsite O&M advisory assistance and technical insights for continuous sustained operation. The services business of the Company intensified its focus on the spare parts business. It is further widening its offerings to include boiler re-deployment, repowering, rejuvenation, refueling projects.

In FY2019-20, the company revenue stood at Rs 2,024 crore (recast), compared to Rs 1,715 crore in FY2018-19 (recast). The revenue numbers have been recast post the acquisition of the B&H Business Unit of the parent company.

During the year, the company completed supply of large modularised auxiliary boilers as part of its largest export order for the biggest refinery in Africa. The business witnessed subdued revenues on account of stagnation in the cement, steel and power sectors. The future outlook of the demand from these industries continues to be uncertain.

FINANCIAL PERFORMANCE

In FY 2019-20, your company registered total revenue of Rs. 2,024 Crore (recast) as compared to previous year's Rs. 1,715 Crore (recast). The company's profit before tax and exceptional items at Rs. 109 crore (recast) compared to last year's profit of Rs. 161 Crore (recast). The profit of this year is lower due to higher depreciation & finance costs incurred.

The Company has computed the tax expense of the current financial period as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, (a) the current and deferred tax expense for the quarter and year ended March 31, 2019, has been determined at the rate of 25.17% and (b) the deferred tax assets as at April 1, 2019, (on brought forward losses and other items) have been written down considering the enacted rate of 25.17%.

OPPORTUNITIES AND THREATS

Opportunities

1. The growing global energy demand, especially with a focus on increasing the share of renewables in the energy mix, and continuous research and development for creating alternative fuel sources including recovery from waste heat, industrial & domestic waste, constitute the biggest growth impetus for the company.
2. Industrial production contributes just over half of all global energy consumption and this is expected to grow by 1.5% worldwide each year till 2035. This indicates the potential demand for solutions that reduce the carbon footprint and the cost of industrial energy consumption. The trend is expected to catapult demand for the company's products.
3. The recent Atma Nirbhar policy announced by the Government of India, combined with the restrictions on Chinese imports may also offer opportunities in the areas of spare parts & expert services for Utility boiler segement

Threats

1. In the current scenario, the Covid-19 pandemic and the intermittent lockdowns are a threat to the company. The pandemic has not only hampered the supply chain but has also created a scarcity of manpower because of the migration of labour and social distancing norms. This has caused a disturbance in operations & delivery capabilities of the company. Companies are cutting back on capex because of cash concerns and that is likely to impact our business negatively. To mitigate this, the company is developing a range of service solutions that can offer cost advantages to our clinets in operation of their existing plants.
2. Geopolitical tensions and trade war between major economies pose some threats to the company's international operations and supply chain. In India, liquidity crunch for banks and non-banking financial companies, loan defaults, and negative consumer and investor sentiment are possible hurdles.

   The company has decided to work on a three prong strategy to capture the opportunities & mitigate the risks:

   (a) To reduce dependence on the Indian market by increasing business overseas.

   (b) To reduce dependence on the capex cycle by increasing services and spares business.

   (c) To reduce dependence in fossil fuel boilers by developing green alternatives such as bio-fuel boilers, waste heat boilers, waste to energy solutions, etc.

RISK MANAGEMENT

The company is integrated within the Parent company's Enterprise Risk Management (ERM) framework for identification, assessment, mitigation and reporting of risks. The Risk Management Council of the parent company carries out a detailed review of key risks facing the Group, its impact on strategic decisions and mitigation measures. The review of these risks is done based on the important changes in the external environment, which have a significant bearing on the risks. The company actively keeps track of changes in the domestic economic environment, geopolitical developments, key commodity prices such as oil and coal, currency and interest movement.

INTERNAL CONTROL

The company uses the services of the internal audit function of the Parent company which continuously evaluates the quality of its controls and the extent of compliance with them. The company has also introduced a process of control self-assessment by its operating managers. In addition, Internal Financial Controls were specifically audited by an external audit firm. The company uses enterprise resource planning software in its operations that contain a variety of in-built controls. Careful analysis is done for variations between performance and plan. The company has a strong culture and processes that reduce the risk of unethical conduct. These include a clear code of conduct and whistle-blowing processes. Based on all of the above, the Board believes that the internal controls are adequate and that they operated effectively during the year.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

The safety performance of the company is reviewed every quarter by the CEO. Safety council reviews the safety performance and carries out corrective as well as preventive actions to ensure high levels of performance.

After the incorporation of the B&H business, the company has decided to consolidate the safety certification of all factorires, offices & sites under the new international standard of ISO 45001:2018. Stage 1 Certification audits for ISO 45001:2018 and ISO 14001:2015 certification are planned to be conducted by Bureau Veritas for Company's manufacturing facilities at Shirwal, Chinchwad, Savli, assembly centre at Mundra, offices at Pune and various project sites.

Extensive internal audits and external safety audits and inspections were carried out in FY19-20. Special safety audits for fire prevention were conducted at office locations and manufacturing plants in Pune. All manufacturing and project locations have developed an emergency preparedness plan. They have also imparted training on fire prevention and control and conducted mock drills on emergency evacuation at plants and office locations.

Regular safety trainings are conducted for employees, contractors, vendors and suppliers. To transition from OSHAS 18001 to ISO 45001:2018, the first 'international standard' in occupational health and safety (OH&S) management as a mandate for organisations, safety officers and coordinators were trained by TUV:SUD and Bureau Veritas during the year to become certified auditors.

National Safety Council (NSC) conducted an Internal Auditor Course on SHE (Safety Health and Environment) Statutory Compliance at Thermax Learning Academy. Through this specialised programme recognized by NABET (National Accreditation Board for Education and Training), safety officers and safety coordinators from Thermax were trained as internal auditors.

The continued use of a mobile app on incident reporting has improved the reporting of leading indicators, which is helping in minimising the hazards and risks at plants and sites.

At manufacturing plants which are under the Environment Management System, a number of management programmes on waste/resource reduction have been successfully implemented throughout the year.

HUMAN RESOURCE

During the year, the company focussed on learning, skill upgrading, leadership development, and capacity building. SAP SuccessFactors, an advanced digital platform for people management launched during FY '19 was expanded to encompass critical employee processes such as Attendance Management Systems and performance appraisal. Wellness initiatives continued with activities around 'physical fitness' and introduction to 'nutrition' as a focus area where regular employee consultation has been initiated through a corporate tie-up with a professional nutritionist.

ASPIRE, the leadership development programme was launched by the parent company in October 2017 in collaboration with India's leading management institute ISB. The programme is designed to develop strategic, high-performance, and self-aware leadership skills in senior management members. During the year under review, the programme was concluded with a final review and closure of the strategic projects taken up by the teams.

Occupational health and safety during Covid – 19

As a manufacturing company, employees' occupational health and safety remains one of the key concerns of Thermax. In order to protect employees from being exposed to the Covid-19 infection, the company has deployed several measures that are being upgraded periodically by the management in tune with the Government of India guidelines. The company stopped all forms of travel during the crisis period. All employees who can deliver remotely have been working from home. Manufacturing operations were suspended at the start of the pandemic and later resumed in line with GoI directives and adherence to SOPs.

CAUTIONARY STATEMENT

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Babcock & Wilcox Energy Solutions Private Limited

Report on the Audit of the accompanying Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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 accompanying Ind AS 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 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, 2020, 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 accompanying 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 accompanying 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 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 accompanying Ind AS financial statements.

Emphasis of Matters

(a) We draw attention to note 37 of the accompanying financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its trade receivables, contract balances and inventories as at March 31, 2020 and the operations of the Company.

(b) We draw attention to note 30A(a) of the Ind AS financial statements relating to the demand orders on the Parent Company for Rs. 1,238.85 crores (including penalty of Rs. 258.56 crores and excluding interest not presently quantified) by the Commissioner of Central Excise, Pune in relation to the Boiler & Heater business transferred to the Company during the year. The Parent Company has filed an appeal against the said orders.

Our opinion is not modified in respect of the above matters.

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 Director's report including annexure to the director's report of the annual report of the Company 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 accompanying 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.

Responsibility of Management for the accompanying Ind AS 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 accompanying 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 accompanying 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 are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the accompanying 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 accompanying 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 with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the accompanying Ind AS financial statements, including the disclosures, and whether the accompanying 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

The accompanying Ind AS financial statements of the Company for the year ended March 31, 2019, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 17, 2019.

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

   (e) The matter related to demand orders against the Parent Company described in the 'Emphasis of Matters' paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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, 2020 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; and

   (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 30A 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 including derivative contracts – refer note 17(b) to the Ind AS financial statements; and

      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
UDIN: 20501160AAAABF2836

Place of Signature: Pune
Date: June 12, 2020

Annexure 1 as referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company")

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

(b) 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 identified 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, except for an immovable property acquired as part of transfer of Boiler & Heater (B&H) business from the Parent company during the year. As explained to us, the said immovable property aggregating Rs 3.22 crores, is in the name of Parent company and transfer of registration of title deeds is in progress as at the reporting date.

(ii) Due to lockdown at the factories on account of COVID-19, the management has conducted physical verification of inventories subsequent to the year end. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the 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 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 and hence, not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of 'other machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of custom, 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, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which amount related	Disputed dues, not deposited^ (Rs in Crores)
Central Excise Act, 1944	Excise Duty	Appellate Tribunal	2000-01 to 2016-17	1,238.85
Central Sales Tax and Local Sales tax (Maharashtra, Tamil Nadu, Kerala and Gujarat)	Sales tax and Value Added Tax	Appellate Tribunal	2003-04, 2006-07, 2007-08, 2009-10 to 2013-14	1.53
		Appellate Authority upto Commissioner Level	2006-07, 2008-09, 2010-11, 2013-14 and 2014-15	1.84

^excluding interest and penalty thereon

(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 borrowings to banks. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or 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 material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and section 188 of the Act 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 hence, 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 him 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
UDIN: 20501160AAAABF2836

Place of Signature: Pune
Date: June 12, 2020

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

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

We have audited the internal financial controls over financial reporting of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company") as of March 31, 2020 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with Reference to these Ind AS Financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, 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
UDIN: 20501160AAAABF2836

Place of Signature: Pune
Date: June 12, 2020

Balance Sheet as at March 31, 2020

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

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019 (Refer Note 29)
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	410.52	504.68
Capital work-in-progress	4 (a)	0.21	1.11
Right to use assets	4 (b)	45.47	-
Intangible assets	4 (c)	2.16	8.77
Financial assets:			
(a) Loans	7 (a)	2.73	3.19
(b) Other assets	8 (a)	0.08	24.08
Deferred tax assets (net)	9	108.76	168.03
Income tax assets (net)		1.49	2.18
Other assets	10 (a)	4.32	8.82
Total non-current assets		**575.74**	**720.86**
II. Current assets			
Inventories	11	130.11	243.18
Financial assets:			
(a) Investments	5	164.29	48.40
(b) Trade receivables	6	627.88	430.48
(c) Cash and cash equivalents	12 (a)	15.29	97.59
(d) Bank balances other than (c) above	12 (b)	18.20	3.51
(e) Loans	7 (b)	0.94	0.93
(f) Other assets	8 (b)	256.83	669.11
Other assets	10 (b)	134.44	131.60
Total current assets		**1,347.98**	**1,624.80**
Total assets		**1,923.72**	**2,345.66**
Equity and liabilities			
III. Equity			
Equity share capital	13	628.22	628.22
Other equity	14	(103.53)	(74.71)
Total equity		**524.69**	**553.51**
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	15 (a)	280.98	55.76
(b) Other liabilities	17 (a)	-	0.33
Provisions	18 (a)	9.06	8.27
Other liabilities	19 (a)	-	2.75
Total non-current liabilities		**290.04**	**67.11**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	15 (b)	58.40	113.63
(b) Trade payables	16 (a)		
Total outstanding dues of micro and small enterprises		73.11	100.15
Total outstanding dues of creditors other than micro and small enterprises		290.81	373.78
(c) Other liabilities	17(b)	120.56	157.57
Other liabilities	19 (b)	507.20	926.22
Provisions	18 (b)	58.91	53.69
Total current liabilities		**1,108.99**	**1,725.04**
Total equity and liabilities		**1,923.72**	**2,345.66**
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: June 12, 2020

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director and CEO
DIN: 06714708

Lata Kumar
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: June 12, 2020

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Statement of profit and loss for the year ended March 31, 2020

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

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019 (Refer Note 29)
Income			
Revenue from operations	20	2,024.42	1,715.47
Other income	21	17.88	28.00
Total Income (I)		**2,042.30**	**1,743.47**
Expenses			
Cost of raw materials and components consumed	22	1,189.01	1,043.17
Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods	23	11.11	(13.44)
Employee benefits expense	24	148.14	120.08
Finance cost	25	23.92	5.99
Depreciation and amortisation expense	26	60.21	28.91
Other expenses	27 (a)	501.35	397.70
Total expenses (II)		**1,933.74**	**1,582.41**
Profit before exceptional items and tax (I - II)		**108.56**	**161.06**
Add: Exceptional items	29 (b)	-	133.47
Profit before tax		**108.56**	**294.53**
Tax expense	9		
Current tax		17.88	60.12
Deferred tax		61.69	(104.93)
Total tax expense		**79.57**	**(44.81)**
Profit for the year		**28.99**	**339.34**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss			
Net gain/(loss) on cash flow hedge		(5.85)	(13.06)
Less: Income tax effect		1.97	4.35
	28 (b)	(3.88)	(8.71)
B. Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) of defined benefit plan		(1.78)	(0.45)
Less: Income tax effect		0.45	(0.04)
	28 (b)	(1.33)	(0.49)
Net other comprehensive income for the year (net of tax)		**(5.21)**	**(9.20)**
Total comprehensive income for the year		**23.78**	**330.14**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2019: Rs. 10/-)]	28 (a)	0.46	4.91
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: June 12, 2020

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director and CEO
DIN: 06714708

Lata Kumar
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: June 12, 2020

Cash Flow Statement for the year ended March 31, 2020

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

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
A)	**Cash flows from operating activities**			
	Profit before tax (after exceptional item)		108.56	294.53
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on property, plant and equipment	26	52.72	27.69
	Amortisation of Right of Use Assets	26	0.71	-
	Amortisation of intangible assets	26	6.78	1.22
	Reversal of impairment of PPE and intangible assets	29 (b)	-	(133.47)
	Provision for impairment allowance of financial assets (net)	27 (a)	(1.39)	1.42
	Interest expense	25	19.56	3.70
	Unrealized foreign exchange differences (net)		(18.67)	(2.99)
	Bad debts/ advances written off	27 (a)	24.51	5.62
	Unwinding of discount	25	4.36	2.29
	Interest income	21	(1.40)	(2.04)
	Fair value gain on financial instrument at fair value through profit and loss (net)	22	(5.96)	(2.90)
	Liabilities no longer required written back	21	(2.89)	(19.10)
	Profit/(Loss) on sale/discard of assets (net)	21 & 27 (a)	0.32	(0.24)
	Working capital adjustments			
	(Increase) in trade receivables		(201.42)	(102.73)
	Decrease / (increase) in inventories		113.07	(66.08)
	Decrease / (increase) in other financial assets		406.99	(359.42)
	(Increase) / (decrease) in other assets		(1.79)	65.59
	(Decrease) / increase in trade payables		(107.55)	229.70
	(Decrease) / increase in other liabilities		(421.77)	0.80
	(Decrease) in provisions		(0.13)	(26.62)
	(Decrease) / increase in other financial liabilities		(139.47)	338.29
	Cash generated from operations		**(164.86)**	**255.26**
	Direct taxes paid (net of refunds received)		0.69	0.12
	Net profit after tax pertaining to Parent Company		(52.60)	(100.37)
	Net cash flow (used in)/ from operating activities		**(216.77)**	**155.01**
B)	**Cash flows from/(used in) investing activities**			
	Purchase of Property, plant and equipment and intangible assets (net)		(0.88)	(9.28)
	Proceeds from maturity of fixed deposits (net)		9.31	(3.52)
	Sale / (purchase) of other investments (net)		(109.93)	(29.96)
	Interest and dividend received		1.29	2.04
	Net cash flows from/(used in) investing activities		**(100.21)**	**(40.72)**
C)	**Cash flows (used in) financing activities**			
	Proceeds from issue of preference shares		-	55.76
	Buyback of equity shares		-	(52.50)
	Proceeds from borrowings		301.00	31.81
	Repayment of borrowings		(55.23)	-
	Interest paid		(15.34)	(3.70)
	Net cash flows (used in) financing activities		**230.43**	**31.37**
	Net increase/(decrease) in cash and cash equivalents		**(86.55)**	**145.66**
	Cash and cash equivalents at the beginning of the year		97.59	(48.07)
	Cash and cash equivalents at the end of the year		**11.04**	**97.59**

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

	Note No.	March 31, 2020	March 31, 2019
Cash and cash equivalents	12 (a)	15.29	97.59
Book overdraft	17 (b)	(4.25)	-
Cash and cash equivalents at the end of the year		**11.04**	**97.59**

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: June 12, 2020

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director and CEO
DIN: 06714708

Lata Kumar
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: June 12, 2020

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Statement of Changes in Equity for the year ended March 31, 2020

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

A Equity share capital

	Note	March 31, 2020	March 31, 2019
Balance at the beginning of the year	13	628.22	837.63
Changes in equity shares capital during the year	13	-	(209.41)
Balance at the end of the year	**13**	**628.22**	**628.22**

B Other equity

	Reserves and surplus				Other reserves	Total Other Equity
	Capital reserve (Note 13 (e))	Slump Purchase adjustment reserve	Retained Earnings	Total	Cash flow hedge reserve	
As at April 1, 2018	**-**	**-**	**(470.28)**	**(470.28)**	**8.89**	**(461.39)**
Add : on account of buy back of Equity shares	156.91	-	-	**156.91**	-	156.91
Profit for the year	-		339.34	**339.34**	-	339.34
Arising out of Slump Purchase (refer note 29)	-	(100.37)		**(100.37)**	-	(100.37)
Transferred from Retained earnings	-	100.37	(100.37)	**-**	-	-
Other Comprehensive Income (net)	-	-	(0.49)	**(0.49)**	(8.71)	(9.20)
Total comprehensive income	**-**	**-**	**238.48**	**238.48**	**(8.71)**	**229.77**
As at March 31, 2019	**156.91**	**-**	**(231.80)**	**(74.89)**	**0.18**	**(74.71)**
Profit for the year	-	-	28.99	**28.99**	-	28.99
Arising out of Slump Purchase (refer note 29)	-	(52.60)	-	**(52.60)**	-	(52.60)
Transferred from Retained earnings	-	52.60	(52.60)	**-**	-	-
Other Comprehensive Income (net)	-	-	(1.33)	**(1.33)**	(3.88)	(5.21)
Total comprehensive income	**-**	**-**	**(24.94)**	**(24.94)**	**(3.88)**	**(28.82)**
As at March 31, 2020	**156.91**	**-**	**(256.74)**	**(99.83)**	**(3.70)**	**(103.53)**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: June 12, 2020

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director and CEO
DIN: 06714708

Lata Kumar
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: June 12, 2020

Notes to the financial statements for the year ended March 31, 2020

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

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 Inc upon 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 Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai 4000 001, India. These financial statements are authorized for issue by the Board of Directors on June 12, 2020. The CIN of the Company is U29253MH2010PTC204890.

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) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Act) as applicable to the financial statements.

The comparative period's information has been restated with effect from July 1, 2018 to give effect to Appendix C of Ind AS 103, 'Business Combinations'.

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of 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:

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

2.2. Changes in accounting policies and disclosures

The Company has adopted Ind AS 116 w.e.f. April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Ind AS 116 was issued on March 30, 2019 and supersedes Ind AS 17 on Leases. Ind AS 116 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

a. Impact of the new definition of a lease

The Company used the practical expedient available in the transition to Ind AS 116 so as not to reassess whether a contract is or contains a lease, Therefore, the lease definition set out in Ind AS 17 remained applicable to leases contracted or modified prior to April 1, 2019.

The Company applied the lease definition and related guidance described in Ind AS 116 to all lease agreements entered or modified on or after April 1, 2019.

b. Impact on Lessee Accounting

(i) Former Operating Leases

Ind AS 116 changes how the Company accounts for leases previously classified as operating leases under Ind AS 17, which were off balance sheet.

Applying Ind AS 116, for all leases (except as noted below), the Company:

(a) Recognises right-of-use assets and lease liabilities in the standalone financial statements of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the standalone financial statements of cash flows.

Under Ind AS 116, right-of-use assets are tested for impairment in accordance with Ind AS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as Laptop, printers, personal computers, small items of office furniture and telephones), the Company has opted to recognize a lease expense on a straight-line basis as permitted by Ind AS 116. This expense is presented within 'other expenses' in profit or loss.

(ii) Former finance leases

Ind AS 116 requires that the Company recognizes as part of its lease liability only the amount expected to be payable under a guaranteed residual value, rather than the maximum amount guaranteed as required by Ind AS 17. This change did not have a material effect on the Company's financial statements.

c. Financial impact of the initial application of Ind AS 116

On transition to Ind AS 116, the Company has elected to adopt the modified retrospective approach. Consequently, the Company recorded the lease liability at the value of future lease payment and right of use of asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. Under this approach, there were no material adjustments required to the retained earnings at April 1, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' (RoU) asset and Lease Financial Liability of Rs. 47.90 and Rs. Nil respectively.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize RoU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
2. Excluded the initial direct costs from the measurement of the RoU asset at the date of initial application.

d. Other amendments

Several other amendments and interpretations apply for the first time in the year ended March 31, 2020, 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. 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 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 the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

► Disclosures for significant judgements, estimates and assumptions (note 3)

► Quantitative disclosures of fair value measurement hierarchy (note 34)

► Financial instruments (including those carried at amortized cost) (note 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 PPE are capitalized. 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 derecognized. 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.

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

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28 to 30	30
Other buildings	58	60
Roads	5 to 30	5 to 10
Office equipment	15	15
Plant and equipment	5 to 25	15 to 20
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.

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 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. 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.

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

i. Revenue from Contracts with customers

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

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

The Company has following streams of revenue:

- **Revenue from Construction Contracts**

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 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.

- **Revenue from Sale of goods**

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods 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.

- **Revenue from Sale of services**

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

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3 (h) 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 the Customer advances as the case may be.

ii. Interest Income

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

iii. Rental income

Rental income from operating leases is recognized 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

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. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortized cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortized 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. Amortized 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. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in Statement of profit and loss.

Amounts recognized in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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 claims 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 tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be 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 entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions and there was no material impact on the financial statements of the current financial year.

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

Company as a lessee

The Company's leased asset classes primarily consist of leases for land, buildings, guest houses and office equipment. The Company assesses whether a contract contains a lease, at in caption of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at value of the future lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

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.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

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

q. Provisions

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

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

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Decommissioning liability

The Company records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The 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 Managing Director and Chief Executive Officer as the chief operating decision maker of the Company.

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).

v. Dividends

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

3. Significant accounting judgments, estimates and assumptions

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

3.1 Judgments

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

i. Revenue from contracts with customers

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

ii. Contingencies relating to tax and legal matters

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 Managing Director and Chief Executive Officer to assess performance and allocate resources. The Company is operating in a single business segment, viz Energy.

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets such as investments, loans, receivables, unbilled revenues, inventories and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

i. Construction 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, unbilled revenue 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.

- **Provision for onerous contracts:** The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 18 (b) for details of provision for onerous contracts.

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 provision 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 assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 34 for further disclosures.

v. Warranty provision

The Company generally offers 18 months' warranties for its products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. Refer note 18 for further details.

vi. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates (including any impact on account of COVID-19) at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates (including any impact on account of COVID-19), are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period after the supplies are completed. Refer note 6 and 8(b) for details of impairment allowance recognized at the reporting date.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2.3(d) and 2.3(e) above for further details.

viii. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 9 for details of deferred taxes.

4 (a) Property, Plant and Equipment

Particulars	Leasehold land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress
Gross carrying amount as at April 1, 2018	**44.45**	**257.23**	**270.62**	**4.25**	**1.31**	**0.91**	**1.20**	**579.97**	**-**
Additions	-	-	6.25	0.79	0.76	0.09	0.56	8.45	0.42
Additions on account of business combination (Note 29(a))	-	17.65	202.50	9.09	10.99	5.55	0.79	246.57	1.11
Disposals/ Transfers/ Adjustment	-	-	(0.67)	-	(0.05)	(0.19)	(0.12)	(1.03)	(0.42)
Gross carrying amount as at March 31, 2019	**44.45**	**274.88**	**478.70**	**14.13**	**13.01**	**6.36**	**2.43**	**833.96**	**1.11**
Additions	-	-	1.56	0.14	0.48	-	0.38	2.56	0.22
Disposals/ Transfers/ Adjustment	(44.45)	-	(4.46)	-	-	-	(0.23)	(49.14)	(1.12)
Gross carrying amount as at March 31, 2020	**-**	**274.88**	**475.80**	**14.27**	**13.49**	**6.36**	**2.58**	**787.38**	**0.21**
Accumulated depreciation as at April 1, 2018	**1.16**	**76.09**	**181.67**	**3.18**	**1.25**	**0.72**	**1.01**	**265.08**	**-**
Additions on account of business combination (Note 29(a))	-	1.92	141.75	3.93	10.04	3.75	0.30	161.69	-
Charge for the year	0.56	7.35	18.54	0.57	0.30	0.22	0.15	27.69	-
Impairment reversal*	-	(49.56)	(71.92)	(2.44)	(0.30)	(0.48)	(0.38)	(125.08)	-
Disposals/ Transfers/ Adjustments	-	-	0.08	-	0.04	(0.17)	(0.05)	(0.10)	-
Accumulated depreciation as at March 31, 2019	**1.72**	**35.80**	**270.12**	**5.24**	**11.33**	**4.04**	**1.03**	**329.28**	**-**
Charge for the year	-	9.03	41.77	0.96	0.40	0.31	0.25	52.72	-
Disposals/ Transfers/ Adjustments	(1.72)	-	(3.25)	-	-	-	(0.17)	(5.14)	-
Closing accumulated depreciation as at March 31, 2020	**-**	**44.83**	**308.64**	**6.20**	**11.73**	**4.35**	**1.11**	**376.86**	**-**
Net Block as at March 31, 2020	**-**	**230.05**	**167.16**	**8.07**	**1.76**	**2.01**	**1.47**	**410.52**	**0.21**
Net Block as at March 31, 2019	**42.73**	**239.08**	**208.58**	**8.89**	**1.68**	**2.32**	**1.40**	**504.68**	**1.11**

Capital work in progress majorly includes expenditure towards extension of manufacturing facilities.

The Company has taken certain assets on lease which have been accounted in accordance with Ind AS 116, “Leases”. Refer note 30 B (b) (i) for further disclosure on leases.

* Refer note 29 (b)

4 (b) Right to use assets

Particulars	**Right to use assets**
Gross carrying amount as at April 1, 2018	**-**
Additions	-
Additions on account of business combination (Note 29(a))	-
Disposals/ Transfers/ Adjustment	-
Gross carrying amount as at March 31, 2019	**-**
Disposals/ Transfers/ Adjustment #	47.90
Additions	-
Gross carrying amount as at March 31, 2020	**47.90**
Accumulated depreciation as at April 1, 2018	**-**
Additions on account of business combination (Note 29(a))	-
Charge for the year	-
Disposals/ Transfers/ Adjustments	-
Accumulated depreciation as at March 31, 2019	**-**
Disposals/ Transfers/ Adjustments	1.72
Charge for the year	0.71
Closing accumulated depreciation as at March 31, 2020	**2.43**
Net Block as at March 31, 2020	**45.47**
Net Block as at March 31, 2019	**-**

Includes Rs. 3.45 crores transferred from prepayments. Refer note 10 (a).

All amounts are in Rupees Crore, except per share data and unless stated otherwise

4 (c) Intangible assets

Particulars	Computer Software	Technical know-how	Total
Gross carrying amount as at April 1, 2018	**2.46**	**22.33**	**24.79**
Additions	0.13	-	0.13
Additions on account of business combination (Note 29(a))	11.96	2.31	14.27
Disposals/ Transfers/ Adjustments	-	-	-
Gross carrying amount as at March 31, 2019	**14.55**	**24.64**	**39.19**
Additions	0.17	-	0.17
Disposals/ Transfers/ Adjustments	-	-	-
Gross carrying amount as at March 31, 2020	**14.72**	**24.64**	**39.36**
Accumulated amortisation as at April 1, 2018	**2.41**	**22.33**	**24.74**
Additions on account of business combination (Note 29(a))	10.55	2.30	12.85
Charge for the year	0.54	0.68	1.22
Impairment reversal*	(0.09)	(8.30)	(8.39)
Disposals/ Transfers/ Adjustments	-	-	-
Accumulated amortisation as at March 31, 2019	**13.41**	**17.01**	**30.42**
Charge for the year	0.92	5.86	6.78
Disposals/ Transfers/ Adjustments	-	-	-
Closing accumulated amortisation as at March 31, 2020	**14.33**	**22.87**	**37.20**
Net Block as at March 31, 2020	**0.39**	**1.77**	**2.16**
Net Block as at March 31, 2019	**1.14**	**7.63**	**8.77**

* Refer note 29 (b)

5 Current Investments

	Face value per unit	Number of units		Amount	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (unquoted)					
ABSL Money Manager Fund Direct Growth	100	-	547,892	-	13.79
ABSL Overnight fund Growth-Direct	1000	279,875	-	30.23	-
DSP Liquidity Fund Direct Growth	1000	-	31,484	-	8.42
DSP Overnight Fund Direct Growth	1000	252,484	-	26.98	-
HDFC Overnight Fund Direct Growth	1000	69,053	-	20.50	-
ICICI Prudential Money Market -Daily Dividend Reinvestment	10	-	242,782	-	6.32
ICICI Prudential Overnight Fund Direct Growth	100	2,720,040	-	29.31	-
IDFC Overnight Fund Growth-Direct Plan	1000	96,653	-	10.30	-
Kotak Liquid Direct Growth	1000	-	15,453	-	5.85
Kotak Overnight Fund-Direct Growth	1000	94,116	-	10.03	-
SBI Liquid Direct Growth	1000	-	26,854	-	7.86
SBI Overnight Fund-Direct Growth	1000	82,679	-	26.90	-
UTI Liquid Cash Plan-Direct Growth	1000	-	20,134	-	6.16
UTI Overnight Fund-Direct Growth	1000	36,700	-	10.04	-
				164.29	**48.40**
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments (book value)				164.29	48.40
Aggregate amount of unquoted investments (market value)				164.29	48.40
Aggregate amount of impairment in the value of investments				-	-

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

All amounts are in Rupees Crore, except per share data and unless stated otherwise

6 Trade receivables

Current trade receivable

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Trade receivables from:		
i) Related parties (note 32)	40.12	3.27
ii) Others	587.76	427.21
Total	**627.88**	**430.48**
Sub-classification of trade receivables		
Secured, considered good	159.98	85.32
Unsecured, considered good	577.47	443.83
Trade Receivables which have a significant increase in credit risk	30.22	43.04
Trade Receivables - credit impaired	5.68	5.58
	773.35	**577.77**
Less: Impairment allowance	(145.47)	(147.29)
Total	**627.88**	**430.48**

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

Impairment allowance amounting to Rs. 24.07 (March 31, 2019: Rs. 35.18) has been taken in books for trade receivables which has a significant increase in credit risk.

For terms and conditions relating to related party receivables, refer note 32.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

7 Loans

(a) Non-current loans

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
At amortized cost		
Loans to employees	0.97	0.99
Security deposits*	1.76	2.20
Total	**2.73**	**3.19**

* includes rent deposits, deposits with MIDC, MSEB, etc.

(b) Current loans

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
At amortized cost		
Loans to employees	0.33	0.26
Security deposits	0.61	0.67
Total	**0.94**	**0.93**

Loans are various kinds of non-derivative financial assets. The carrying value may be affected by the changes in the credit risk of the counterparties. The tenure of such loans has different time range based on employee’s eligibility.

No loans are due from directors or Key Managerial Personnel of the Company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

8 Financial assets

(a) Other non current assets

	As at March 31, 2020	As at March 31, 2019
Bank deposits with maturity of more than 12 months	0.08	24.08
Total	**0.08**	**24.08**

(b) Other current assets

	As at March 31, 2020	As at March 31, 2019
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	-	6.99
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.05	1.57
At amortized cost		
Export incentive receivable	44.57	23.45
Interest accrued on bank deposits and others	0.31	0.20
Unbilled revenue (Contract assets)^	211.90	636.90
Total	**256.83**	**669.11**

Financial assets at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^Unbilled revenue is disclosed net of impairment allowance of Rs. 8.37 (March 31, 2019: Rs. 7.94) for contract assets.

9 Income taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax	17.88	60.12
Deferred tax	61.69	(104.93)
Income tax expense reported in the Statement of profit and loss	**79.57**	**(44.81)**

Other comprehensive income

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	(1.97)	(4.35)
Net gain or loss on remeasurements of defined benefit plans	(0.45)	0.04
Deferred tax charged / (credited) in other comprehensive income	**(2.42)**	**(4.31)**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

Particulars	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax (before exceptional items)	108.56	161.06
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.168% ^ (March 31, 2019: 34.944%)	27.32	40.54
Deferred tax asset written down due to rate change ^	27.05	-
Deferred tax recognised pertaining to earlier years	-	(100.33)
Rate change loss for pre-acquisition profit	15.12	-
Permanent disallowance		
- Profit on sale of PPE	-	(0.04)
- Prior period items	-	0.06
- Expenditure in capital nature sec 37	2.93	0.03
Others (includes adjustment for fair valuation of investments and other differences)	7.15	14.93
Total income tax expense reported in the Statement of profit and loss	**79.57**	**(44.81)**

^ The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for the year and re-measured its Deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section.

Deferred tax

Statement of profit and loss

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	(15.64)	39.11
Losses available for offsetting against future taxable income	24.66	(134.77)
Deferred tax asset written down due to rate change	27.05	-
40(a) disallowance	1.93	(4.49)
Items allowed on payment basis / temporary disallowances	1.05	(1.24)
Temporary differences due to accounting treatment as required by Income-tax standards	1.13	(0.76)
Provision for doubtful debts and liquidated damages	20.73	(1.11)
Others	0.78	(1.67)
Deferred tax expense/ (income) in the Statement of profit and loss	**61.69**	**(104.93)**

Balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	(31.71)	(47.35)
Losses available for offsetting against future taxable income	83.06	134.77
40(a) disallowance	2.56	4.49
Items allowed on payment basis / temporary disallowances	4.33	4.93
Temporary differences due to accounting treatment as required by Income-tax standards	1.31	2.44
Provision for doubtful debts and liquidated damages	46.09	66.82
Others	3.12	1.93
Net deferred tax assets	**108.76**	**168.03**

Reconciliation of deferred tax assets (net)

	As at March 31, 2020	As at March 31, 2019
Opening balance as at April 1	168.03	-
Tax (expense)/income during the period recognised in profit or loss	(61.69)	104.93
Tax (expense)/income during the period recognised in other comprehensive income	2.42	4.31
On account of business combination	-	58.79
Closing balance as at March 31	**108.76**	**168.03**

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

10 Other assets

(a) Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Balances with government authorities	4.32	5.37
Prepayments	-	3.45
Total	**4.32**	**8.82**

(b) Other current assets

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advance to suppliers	79.34	101.92
Advance to employees	3.17	2.04
Advance to related parties (note 32)	1.63	1.16
Prepayments	1.93	1.06
Balances with government authorities	48.37	24.59
Prepaid employee benefits (note 31)	-	0.26
Others*	-	0.57
Total	**134.44**	**131.60**

*Others includes interest on tax refunds and other recoveries of expenses.

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

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

	As at March 31, 2020	As at March 31, 2019
Raw materials, components and bought-outs**	120.65	221.22
Work-in-progress	1.89	6.21
Finished goods	1.04	7.83
Stores and spares	6.53	7.92
Total	**130.11**	**243.18**

**includes goods in transit Rs. 3.43 (March 31, 2019 Rs. 10.56)

For the year ended March 31, 2020 Rs. 8.77 (March 31, 2019: Rs. 8.31) was recognised (net of reversals) as an expense for inventories carried at net realisable value. These were recognised as expense during the year and included in 'cost of raw materials and components consumed and consumption of stores and spare parts' in the Statement of profit and loss.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

12 (a) Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks in current accounts	15.29	97.59
Total	**15.29**	**97.59**

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

12 (b) Other bank balances

	As at March 31, 2020	As at March 31, 2019
Deposits with original maturity of more than 3 months but less than 12 months	18.20	3.51
Total	**18.20**	**3.51**

12 (c) Changes in liabilities arising from financing activities

Particulars	**Borrowings**
As on April 1, 2018	-
On account of business combination	113.63
Cash flow	52.70
Interest accretion	3.06
As on March 31, 2019	**169.39**
Cash flow	245.77
Interest accretion	4.22
As on March 31, 2020	**419.38**

13 Share capital

	As at March 31, 2020	As at March 31, 2019
Authorized shares (Nos)		
900,000,000 (March 31, 2019: 900,000,000) equity shares of Rs. 10/- each	900.00	900.00
100,000,000 (March 31, 2019: 100,000,000) redeemable preference shares of Rs. 10/- each	100.00	100.00
	1,000.00	**1,000.00**
Issued, subscribed and fully paid share capital (Nos)		
628,222,500 (March 31, 2019: 628,222,500) equity shares of Rs. 10/- each	628.22	628.22
Total issued, subscribed and fully paid-up share capital	**628.22**	**628.22**

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

	No. of shares	Rs.
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2018	837,630,000	837.63
Changes during the year	(209,407,500)	(209.41)
As at March 31, 2019	628,222,500	628.22
Changes during the year	-	-
As at March 31, 2020	**628,222,500**	**628.22**

(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 share capital held by holding Company

	As at March 31, 2020	As at March 31, 2019
Thermax Limited		
628,222,500 (March 31, 2019: 628,222,500) equity shares of Rs. 10/- each fully paid	628.22	628.22

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

	As at March 31, 2020	As at March 31, 2019
Thermax Limited		
%	100.00	100.00
No. of shares	628,222,500	628,222,500

(e) Aggregate number of shares bought back during the period of five years

	As at March 31, 2020	As at March 31, 2019
Equity shares bought back by the Company	209,407,500	209,407,500

The Board of Directors of the Company at its meeting held on July 4, 2018, approved a proposal to buyback 209,407,500 equity shares of the Company for an aggregate amount of Rs. 525,000,000 representing 25% of the total paid up equity share capital at Rs. 2.51 per equity share, which was approved by the shareholders by means of a special resolution. Capital reserve of Rs. Nil (March 31, 2019 : Rs. 156.91) was created to represent the difference between the face value of shares and the buyback price per share.

14 Other equity

	As at March 31, 2020	As at March 31, 2019
Reserves and surplus		
Capital reserve (Note 13 (e))	156.91	156.91
Slump Purchase adjustment reserve		
Add: Arising out of Slump Purchase (refer note 29)	(52.60)	(100.37)
Add: Transferred from Retained earnings	52.60	100.37
	-	-
Retained earnings		
Opening balance	(231.80)	(470.28)
Add: Profit / (Loss) for the year pertaining to the Company	28.99	339.34
Less: Transfer to Slump Purchase adjustment reserve	(52.60)	(100.37)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain on defined benefit plans	-	-
Add: OCI for the year pertaining to the Company (net of tax Rs. 0.45 (March 31, 2019: Rs. (0.04))	(1.33)	(0.49)
Net surplus in the Statement of profit and loss	**(256.74)**	**(231.80)**
Total Reserves and Surplus	**(99.83)**	**(74.89)**
Other Reserves		
Cash flow hedge reserve		
Opening balance	0.18	8.89
Add: Movement during the year (net)	(5.85)	(13.06)
Less: Tax on Movement during the year	1.97	4.35
Closing balance	**(3.70)**	**0.18**
Total	**(103.53)**	**(74.71)**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Capital reserve

Pertains to reserve created towards buyback of shares and can be utilised in accordance with the provisions of the Act.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

15 Borrowings

(a) Non-current borrowings

	As at March 31, 2020	As at March 31, 2019
At fair value through profit and loss		
Preference Shares (52,700,000 (March 31, 2019: 52,700,000) redeemable preference shares of Rs. 10/- each) (note 32)^	59.98	55.76
At amortized cost		
Term loans (other than banks)		
Unsecured loan (note 32)*	301.00	-
Total non-current borrowings	**360.98**	**55.76**
Less: amount disclosed under the head Other current financial liabilities (note 17 (b))		
- Current maturities of term loans	(80.00)	-
	280.98	55.76

^Preference shares pertain to 8% (March 31, 2019: 8%) cumulative redeemable preference shares issued to the Parent Company. This forms a part of the authorized share capital of 100,000,000 (March 31, 2019: 100,000,000) redeemable preference shares of Rs 10 each as per the Act.

* Pertains to loan obtained from the Parent Company at an interest rate of SBI base rate plus 1%. The loan is granted for a period of one year and can be extended for further period(s) based on mutual agreement between the parties. Basis the understanding between the parties, the amount disclosed as current maturities of term loans will be repaid within the next 12 months.

(b) Current borrowings

	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Secured loans from banks	35.44	38.63
Unsecured loans from banks	22.96	75.00
Total	**58.40**	**113.63**

Secured loans pertains to bills discounted by suppliers amounting to Rs. 35.44 (March 31, 2019: Rs. 38.63) that are payable by the Company within 60 to 120 days from the invoice date / goods receipt date.

These loans are secured by hypothecation of present and future stock of all inventories, stores and spares not related to plant and equipment, book debts and other moveable assets.

Unsecured loans pertains to packing credit of Rs. 22.96 (March 31, 2019: Rs. 75.00) carries an interest rate of 5.30% (March 31, 2019 : 4.5%) due for repayment within 280 days from date of disbursement or expected shipment date whichever is earlier.

16 Trade payables

(a) Current trade payables

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (note 16 (b))	73.11	100.15
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 32)	53.74	4.64
(ii) Others	237.07	369.14
Total	**363.92**	**473.93**

For terms and conditions with related parties, refer note 32.

Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

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

	March 31, 2020	March 31, 2019
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*	73.11	100.07
- Interest due thereon	-	0.08
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
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 Financial liabilities

(a) Other non current liabilities

	As at March 31, 2020	As at March 31, 2019
Trade deposits	-	0.33
Total	**-**	**0.33**

(b) Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	11.19	5.77
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.92	0.25
At amortized cost		
Current maturities of long-term borrowings (note 15(a))	80.00	-
Interest accrued but not due on loans (note 32)	5.94	-
Employee related payables	14.46	20.31
Book overdraft	4.25	-
Payable for purchase consideration	-	130.66
Other payables *	0.80	0.58
Total	**120.56**	**157.57**

* includes employee recoveries payable to outsiders.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

18 Provisions

(a) Non-current provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 31)	2.56	-
Other provisions		
Provision for warranties	4.13	6.09
Provision for decommissioning liability	2.37	2.18
Total	**9.06**	**8.27**

(b) Current provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for leave encashment	14.16	12.66
	14.16	**12.66**
Other provisions		
Provision for onerous contracts	1.48	3.32
Provision for warranties	43.27	37.71
	44.75	**41.03**
Total	**58.91**	**53.69**

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the property taken on lease by the Company. The Company is committed to decommission the site as a result of the construction of manufacturing facility. The timing of cash outflows in respect of such provision cannot be reasonably determined.

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and based on past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 4.74 higher or lower (March 31, 2019 Rs. 4.38).

Provision for onerous contracts

A provision is made when the unavoidable costs of meeting the obligations under a contract exceed the estimated economic benefits from it. The timing of cash outflows in respect of such provision is over the contract period.

Movement in provisions

	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2019			
Balance at the beginning	3.32	43.80	2.18
Additional provision recognised	0.63	31.51	0.05
Unused amounts reversed	-	(20.61)	-
Unwinding of discount	-	4.22	0.14
Utilised during the year	(2.47)	(11.52)	-
As at March 31, 2020	**1.48**	**47.40**	**2.37**
Details of provisions :			
Current	1.48	43.27	-
Non-Current	-	4.13	2.37
Total	**1.48**	**47.40**	**2.37**

19 Other liabilities

(a) Other non-current liabilities

	As at March 31, 2020	As at March 31, 2019
Customer advances (Contract liability)	-	2.75
Total	**-**	**2.75**

(b) Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Unearned revenue (Contract liability)	72.91	64.44
Customer advances (Contract liability)		
(i) Related Parties (note 32)	35.14	-
(ii) Others	395.21	858.46
Statutory dues and other liabilities*	3.94	3.32
Total	**507.20**	**926.22**

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

For terms and conditions with related parties, refer note 32.

20 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2020	March 31, 2019
Revenue from projects and products	1,843.92	1,557.29
Revenue from services	130.72	133.89
Total revenue from contracts with customers	**1,974.64**	**1,691.18**

(b) Other operating income

	March 31, 2020	March 31, 2019
Export incentives	36.53	17.42
Sale of Scrap	7.68	4.45
Exchange fluctuation gain (net) *	5.57	2.42
	49.78	**24.29**
Total revenue from operations (a+b)	**2,024.42**	**1,715.47**

* includes mark to market loss on forward contracts not subjected to hedge accounting Rs. 3.87 crores (March 31, 2019: gain of Rs. 1.32).

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

i) Revenue by category of contracts:

	March 31, 2020	March 31, 2019
Over a period of time basis	1,862.59	1,640.77
At a point-in-time basis	112.05	50.41
Total revenue from contracts with customers	**1,974.64**	**1,691.18**

Revenue by geographical market:

	March 31, 2020	March 31, 2019
Within India	1,288.76	855.90
Outside India	685.88	835.28
Total revenue from contracts with customers	**1,974.64**	**1,691.18**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

ii) Contract balances:

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

	As at March 31, 2020	As at March 31, 2019
Trade receivables (note 6)	627.88	430.48
Unbilled revenue (Contract asset) (note 8(b))	211.90	636.90
Unearned revenue (Contract liability) (note 19(b))	72.91	64.44
Customer advances (Contract liability) (note 19)	430.35	861.21

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

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

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

	March 31, 2020	March 31, 2019
Unearned revenue	61.74	61.49
Customer advance	616.60	343.85

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

The explanation of the significant changes in the unbilled and unearned balances during the reporting period is presented in the table below:

	March 31, 2020	March 31, 2019
Opening unbilled revenue (refer note 8(b))	**636.90**	**308.01**
Opening unearned revenue (refer note 19(b))	**64.44**	**61.49**
- Transfer of contract assets to receivable from opening unbilled revenue	(608.23)	(302.42)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	61.74	61.49
- Transfer of contract assets to receivables	(1,685.55)	(991.03)
- Increase in revenue as a result of changes in the measure of progress	1,800.85	1,579.28
- Others*	(2.28)	(21.37)
Closing unbilled revenue (refer note 8(b))	**211.90**	**636.90**
Closing unearned revenue (refer note 19(b))	**72.91**	**64.44**

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

v) Performance obligations

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

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

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

Remaining performance obligations:

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

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

	March 31, 2020
Amount of revenue yet to be recognised for contracts having original expected duration of more than one year in progress as on March 31, 2020	791.05

The Company expects that a significant portion of the remaining performance obligation will be completed within next 2 years.

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.

21 Other income

	March 31, 2020	March 31, 2019
Interest income from financial assets carried at amortized cost		
Bank deposits	1.40	2.04
Other interest income	0.67	0.86
Fair value gain on financial instrument at fair value through profit and loss (net)	5.96	2.90
Profit on sale of asset	-	0.24
Liabilities no longer required written back	2.89	19.10
Miscellaneous income^^	6.96	2.86
Total	**17.88**	**28.00**

^^Includes rent income of Rs 0.56 (March 31, 2019; Rs 1.14); refer note 30 B (b) (ii)

22 Cost of raw material and components consumed

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year	221.22	3.64
Add: Purchases	1,088.44	1,260.75
	1,309.66	**1,264.39**
Inventories at the end of the year	120.65	221.22
Total	**1,189.01**	**1,043.17**

23 (Increase)/decrease in inventories of finished goods and work-in-progress

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Work-in-progress	6.21	0.60
Finished goods	7.83	-
	14.04	**0.60**
Less: inventories at the end of the year		
Work-in-progress	1.89	6.21
Finished goods	1.04	7.83
	2.93	**14.04**
Total	**11.11**	**(13.44)**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

24 Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries and wages	130.55	107.29
Contribution to provident and other funds	10.13	7.04
Gratuity expense (note 31)	3.05	2.30
Staff welfare expenses	4.41	3.45
Total	**148.14**	**120.08**

25 Finance costs

	March 31, 2020	March 31, 2019
Interest expense	19.56	3.70
Unwinding of discount	4.36	2.29
Total	**23.92**	**5.99**

26 Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (note 4 (a))	52.72	27.69
Amortisation of Right of Use Assets (note 4 (b))	0.71	-
Amortisation of intangible assets (note 4 (c))	6.78	1.22
Total	**60.21**	**28.91**

27 (a) Other expenses

	March 31, 2020	March 31, 2019
Consumption of stores and spare parts	28.77	20.10
Power and fuel	10.02	10.22
Freight and forwarding charges (net)	97.83	56.29
Site expenses and contract labour charges	187.57	178.35
Drawing, design and technical service charges	14.77	15.00
Sales commission	3.04	6.24
Advertisement and sales promotion	16.21	6.54
Rent (note 30 B (b) (i))	15.51	11.18
Rates and taxes	5.38	4.29
Insurance	1.53	1.28
Repairs and maintenance:		
Plant and machinery	5.31	4.18
Buildings	2.12	1.95
Others	8.98	10.00
Travelling and conveyance	22.33	19.20
Legal and professional fees (includes payment to auditor; refer note 27 (b))	12.30	7.27
Director sitting fees	0.05	-
Bad debts/ advances written off	24.51	5.62
Provision for impairment allowance of financial assets (net)	(1.39)	1.42
Warranty expenses (net)	20.81	5.33
Loss on sale/ discard of assets (net)	0.32	-
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	25.38	33.24
Total	**501.35**	**397.70**

(b) Payment to auditors

	March 31, 2020	March 31, 2019
As auditor		
Audit and limited review fee	0.32	0.08
Tax audit fee	-	0.02
In other capacity		
Other services	-	0.05
Reimbursement of expenses	0.01	0.01
Total	**0.33**	**0.16**

28 (a) Earnings per share

	March 31, 2020	March 31, 2019
Net profit after tax attributable to the Equity shareholders	28.99	339.34
Weighted average number of Equity shares of Rs.10/- each	628,222,500	691,331,610
Basic and diluted Earning per share (Rs.)	0.46	4.91

28 (b) Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2020

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(3.88)	-	(3.88)
Re-measurement gains on defined benefit plans	-	(1.33)	(1.33)
Total	**(3.88)**	**(1.33)**	**(5.21)**

For the year ended March 31, 2019

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(8.71)	-	(8.71)
Re-measurement gains on defined benefit plans	-	(0.49)	(0.49)
Total	**(8.71)**	**(0.49)**	**(9.20)**

29 Business Combination

Two significant events have occurred in the past two years that have an impact on accounting, illustrated in notes (a) and (b) below:

(a) Thermax Limited acquired control over the Company by acquiring 49% shareholding of its joint venture partner on July 1, 2018.

The Boilers & Heaters (B&H) business of the parent, Thermax Limited, was acquired by the Company through a slump sale on October 1, 2019. In accordance with accounting standards, the B&H assets and liabilities acquired have been accounted for using the pooling of interests method, which means that they have been accounted for at the same value each was carried in the books of Thermax Limited, the transferor. The said standards also require that for the purpose of presentation, the comparative previous year figures and those for the current year in the Statement of profit and loss include those of the acquired B&H business from the date when control over the Company changed to Thermax Limited, i.e., July 1, 2018 to the date when the business was acquired, October 1, 2019. This spans two accounting years. The details are as per the two tables below. Further, as the B&H business before its transfer on October 1, 2019 was contractually and legally that of the transferor, Thermax Limited, the net profit of the business for the two accounting periods when it was not a part of the Company has been deducted from the Company's retained earnings in note 14.

The balance sheet as at March 31, 2019 and the statement of cash flows for the year ended on that date as well as other information in the notes for that period also includes balances and amounts, respectively, legally related to the transferor, Thermax Limited, as per the summarised table below. The net excess of such assets over such liabilities, of Rs. 130.66 crores, appears in note 17(b).

Reconciliation of the Statement of Profit and Loss prepared as per Schedule III of the Act for the year ended March 31, 2020:

Particulars	Transactions undertaken by and attributable to the Company	Transactions undertaken by and attributable to the period before transfer	Total
Income			
Revenue from operations	936.86	1,087.56	2,024.42
Other income	16.05	1.83	17.88
Total Income (I)	**952.91**	**1,089.39**	**2,042.30**
Expenses			
Cost of raw materials and components consumed	555.45	633.56	1,189.01
Decrease in inventories of finished goods, work-in-progress and traded goods	1.92	9.19	11.11
Employee benefits expense	74.03	74.11	148.14
Finance cost	19.96	3.96	23.92
Depreciation and amortisation expense	53.63	6.58	60.21
Other expenses	229.85	271.50	501.35
Total expenses (II)	**934.84**	**998.90**	**1,933.74**
Profit before tax (I - II)	**18.07**	**90.49**	**108.56**
Tax expense			
Current tax	-	17.88	17.88
Deferred tax	41.68	20.01	61.69
Total tax expense	**41.68**	**37.89**	**79.57**
Profit/(loss) after tax	**(23.61)**	**52.60**	**28.99**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss			
Net gain/(loss) on cash flow hedge	(5.12)	-	(5.12)
Less: Income tax effect	1.24	-	1.24
	(3.88)	**-**	**(3.88)**
B. Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain of defined benefit plan	(1.78)	-	(1.78)
Less: Income tax effect	0.45	-	0.45
	(1.33)	**-**	**(1.33)**
Net other comprehensive income for the year (net of tax)	**(5.21)**	**-**	**(5.21)**
Total comprehensive income for the year	**(28.82)**	**52.60**	**23.78**

Reconciliation of the Statement of Profit and Loss prepared as per Schedule III of the Act for the year ended March 31, 2019:

Particulars	Transactions undertaken by and attributable to the Company	Transactions undertaken by and attributable to the Parent Company (from July 1, 2018 to March 31,2019)	Total
Income			
Revenue from operations	42.45	1,673.02	1,715.47
Other income	16.36	11.64	28.00
Total Income (I)	**58.81**	**1,684.66**	**1,743.47**
Expenses			
Cost of raw materials and components consumed	10.29	1,032.88	1,043.17
(Increase) in inventories of finished goods, work-in-progress and traded goods	(3.23)	(10.21)	(13.44)
Employee benefits expense	7.62	112.46	120.08
Finance cost	3.79	2.20	5.99
Depreciation and amortisation expense	19.00	9.91	28.91
Other expenses	20.09	377.61	397.70
Total expenses (II)	**57.56**	**1,524.85**	**1,582.41**
Profit before exceptional item and tax (I - II)	**1.25**	**159.81**	**161.06**
Exceptional Item	133.47	-	133.47
Profit before tax (I - II)	**134.72**	**159.81**	**294.53**
Tax expense			
Current tax	**-**	**60.12**	**60.12**
Deferred tax	**(96.68)**	**(8.25)**	**(104.93)**
Total tax expense	**(96.68)**	**51.87**	**(44.81)**
Profit/(loss) after tax	**231.40**	**107.94**	**339.34**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss			
Net gain/(loss) on cash flow hedge	**(1.04)**	**(12.02)**	**(13.06)**
Less: Income tax effect	-	4.35	4.35
	(1.04)	(7.67)	(8.71)
B. Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain of defined benefit plan	(0.59)	0.14	(0.45)
Less: Income tax effect	-	(0.04)	(0.04)
	(0.59)	0.10	(0.49)
Net other comprehensive income for the year (net of tax)	**(1.63)**	**(7.57)**	**(9.20)**
Total comprehensive income for the year	**229.77**	**100.37**	**330.14**

Details of the purchase consideration and the net assets for B&H business are as follows (as at October 1, 2019):

Purchase consideration	Amount
Payable to Thermax Limited – Parent Company	350.74

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Details of net identifiable assets acquired:

Particulars	Amount
PPE and intangible assets	82.24
Inventory	187.12
Trade receivables	567.88
Other Assets	805.91
Trade payables	(424.88)
Other liabilities	(867.53)
Net identifiable assets	**350.74**

(b) Reversal of impairment of PPE and intangible assets

Consequent on the acquisition of the profitable B&H business, the management considered it appropriate to reverse the provision for impairment of assets of Rs. 133.47 (exceptional item in the previous year) and has accounted for the deferred tax asset of Rs. 96.68 crores (included in deferred tax asset of Rs. 104.93 crores of the previous year) which is reasonably certain of recovery. As the Board of Directors consented to the acquisition on February 7, 2019, the said impact had been accounted for in that accounting year.

30 Contingent liabilities and commitments

A Contingent liabilities

a) As part of the slump purchase agreement, the Company has acquired liabilities relating to demand notices/show cause-cum-demand notices from the Excise department covering period from June 2000 till June 2017 for Rs. 1,238.85 crores (March 31, 2019: Rs. 1,236.89) (including penalty but excluding interest and further penalty thereon). These demands are of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the Company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Company's factory. The Parent Company has filed an appeal against the said orders received before CESTAT, Mumbai. Based on independent legal advice, the Company is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary.

b)

Particulars *	March 31, 2020	March 31, 2019
Income tax matters (#)	23.36	-
Excise, Customs Duty and Service tax ($)	6.80	6.80
Sales tax ($)	3.37	3.37

* Excluding of interest and penalty thereon

The Company has received an assessment order u/s 143(3) r.w.s. 144C(3) of Income Tax Act, 1961, for AY 2016-17 adding back arm's length adjustment of Rs 95.53 Crores. 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.

$ Liabilities is related to part of the acquired business.

c) **Others**

	March 31, 2020	March 31, 2019
Liability for export obligations	66.39	65.29

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

d) The Company has issued various guarantees for performance, deposits, tender money, advances,etc. The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

B Capital and other commitments

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 1.07 (March 31, 2019: Rs. 2.01).

b) Lease commitments

i. Operating lease: Company as lessee

The Company has taken office buildings and factory shed on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the Company has an option to terminate the agreement or extend the term by giving notice in writing.

Details of amounts recognised in statement of profit and loss

	March 31, 2020
Expense relating to short-term leases (included in other expenses)	13.57
Expense relating to leases of low-value assets (included in other expenses)	1.94

Details of lease payments where Company is lessee (disclosure pursuant to erstwhile Ind AS 17):

	March 31, 2019
Lease payments for the year	11.18

	March 31, 2019
Future minimum lease rental payables under non-cancellable operating leases are as follows:	
Within one year	-
After one year but not more than five years	-
More than five years	-

ii. Operating lease: Company as lessor

The Company has leased certain parts of its surplus office and buildings. The tenure of such lease agreements ranges from 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. For nature of assets refer note 4(a)

	March 31, 2020	March 31, 2019
Lease received for the year	0.56	1.14

	March 31, 2020	March 31, 2019
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 Gratuity

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

All amounts are in Rupees Crore, except per share data and unless stated otherwise

The fund is subject to risks like changes in assets yields. 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. 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, 2018	**1.05**	**(1.52)**	**(0.47)**
Current service cost	0.10	-	0.10
Interest expense/(income)	0.05	(0.12)	(0.07)
Total amount recognised in Profit or Loss*	**0.15**	**(0.12)**	**0.03**
Experience adjustments	(0.08)	-	(0.08)
Actuarial loss from change in financial assumptions	0.67	-	0.67
Total amount recognised in Other Comprehensive Income^	**0.59**	**-**	**0.59**
Transfer In/out	(0.08)	-	(0.08)
Acquisition adjustments	(0.22)	0.01	(0.21)
Employer contributions	-	(0.12)	(0.12)
Benefits paid	(0.21)	0.21	-
March 31, 2019	**1.28**	**(1.54)**	**(0.26)**
Current service cost	(0.62)	-	(0.62)
Acquisition adjustments	30.42	(28.92)	1.50
Interest expense/(income)	0.86	(0.08)	0.78
Total amount recognised in Profit or Loss*	**30.66**	**(29.00)**	**1.66**
Actuarial loss from change in financial assumptions	1.78	-	1.78
Total amount recognised in Other Comprehensive Income^	**1.78**	**-**	**1.78**
Employer contributions	-	-	-
Benefits paid	(1.04)	0.42	(0.62)
March 31, 2020	**32.68**	**(30.12)**	**2.56**

*excludes Rs. 1.39 (March 31, 2019 Rs 2.27) related to cost of the acquired business

^excludes Rs. Nil (March 31, 2019 Rs 0.10) related to cost of the acquired business

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

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	32.68	1.28
Fair value of plan assets	(30.12)	(1.54)
Deficit/(Surplus) of funded plan	**2.56**	**(0.26)**

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.40%	7.60%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	7.60%	7.80%
Normal retirement age	60 Years	60 Years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	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, 2020	March 31, 2019
Discount rate		
1.00% increase	Decrease by 1.27	Decrease by 0.03
1.00% decrease	Increase by 1.53	Increase by 0.03
Future salary increase		
1.00% increase	Increase by 1.27	Increase by 0.02
1.00% decrease	Decrease by 1.06	Decrease by 0.02
Attrition rate		
1.00% increase	Increase by 0.01	-
1.00% decrease	Decrease by 0.10	-

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

The following are the expected cash flows to the defined benefit plan in future years:

Particulars	March 31, 2020	March 31, 2019
Within next 12 months	5.50	0.08
Between 2-5 years	13.20	0.72
Between 6-10 years	15.07	0.17

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.05 years (March 31, 2019: 5.11 years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with Insurer (LIC of India)	100.00%	100.00%

32 Related party disclosures

A Ultimate Holding Company

Sr No.	Name of the entity	Place of business/ Country of incorporation
1	RDA Holdings Private Limited	India

All amounts are in Rupees Crore, except per share data and unless stated otherwise

B Holding Company

Sr No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Limited	India

C Fellow subsidiaries

Related parties with whom transactions have taken place during the year and previous year :

Sr No.	Name of the entity	Place of business/ Country of incorporation
1	Thermax Instrumentation Limited	India
2	Thermax Engineering Construction Company Limited	India
3	Thermax Europe Limited	United Kingdom
4	Thermax Inc.	USA
5	Thermax Sdn. Bhd	Malaysia
6	Thermax Cooling Solutions Limited (earlier known as Thermax SPX Energy Technologies Limited)	India

D Key Management Personnel:

1 Mrs. Meher Pudumjee - Director and Chairperson (resigned on June 7, 2019)

2 Mr. M. S. Unnikrishnan - Director and Chairman (appointed as Chairman on June 7, 2019)

3 Mr. Ravinder Advani - Director and CEO (resigned as CEO on June 7, 2019)

4 Mr. Pravin Karve- Director and CEO (appointed as Director and CEO on June 7, 2019)

5 Mr. Amitabha Mukhopadhyay - Director (resigned on May 31, 2019)

6 Mr. Rajendran Arunachalam- Director (appointed on June 7, 2019)

7 Mr. Nawshir Mirza- Director (appointed on August 6, 2019)

8 Mr. Abhay Shah - Chief Financial Officer (resigned on August 6, 2019)

9 Mrs. Lata Kumar- Chief Financial Officer (appointed on August 6, 2019)

10 Ms. Apurva Gupte - Company Secretary

E 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 - Relative of Chairperson of Holding Company

3 Mr. Pheroz Pudumjee - Director of Holding Company

4 Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

F Transactions with related parties:

Particulars	Holding Company		Fellow subsidiaries		Key Management Personnel and Individuals having Significant influence over the Company		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a. Transactions during the year								
Revenue from contracts with customers	208.45	268.36	-	0.60	-	-	**208.45**	**268.96**
Miscelleneous income	0.71	-	0.31	1.56	-	-	**1.02**	**1.56**
Recovery of expenses	7.95	0.03	4.34	2.68	-	-	**12.29**	**2.71**
Purchase of raw material and components	43.01	-	-	-	-	-	**43.01**	**-**
Site expenses and contract labour charges	-	-	2.45	9.62	-	-	**2.45**	**9.62**
Reimbursement of expenses	20.54	0.47	0.79	5.51	-	-	**21.33**	**5.98**
Remuneration to key management personnel	-	-	-	-	1.91	0.05	**1.91**	**0.05**
Purchase of property, plant and equipment	-	-	-	0.28	-	-	**-**	**0.28**
Loan received	301.00	-	-	-	-	-	**301.00**	**-**
Issue of preference shares	-	52.70	-	-	-	-	**-**	**52.70**
Interest Paid	13.25	-	-	-	-	-	**13.25**	**-**
Other expenses	13.31	-	0.34	-	-	-	**13.65**	**-**
Director's sitting fees	-	-	-	-	0.05	-	**0.05**	**-**
Rent paid	2.49	-	-	-	-	-	**2.49**	**-**
Corporate guarantees received	2,006.54	-	-	-	-	-	**2,006.54**	**-**
b. Balances as at reporting date								
Trade receivables	38.52	-	1.60	3.27	-	-	**40.12**	**3.27**
Advances given	0.82	-	0.81	1.16	-	-	**1.63**	**1.16**
Trade payables	51.88	-	1.86	4.64	-	-	**53.74**	**4.64**
Unbilled revenue	12.82	14.59	-	-	-	-	**12.82**	**14.59**
Unearned revenue	9.02	18.27	-	-	-	-	**9.02**	**18.27**
Loan received	301.00	-	-	-	-	-	**301.00**	**-**
Advances received	35.14	-	-	-	-	-	**35.14**	**-**
Corporate guarantees received	2,006.54	-	-	-	-	-	**2,006.54**	**-**
Interest accrued	5.94	-	-	-	-	-	**5.94**	**-**

Also refer note 29.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

G Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant (percentage of the transactions being 10% or more of the total of transactions given in note 'F' above):

Particulars	March 31, 2020	March 31, 2019
Transactions during the year		
Revenue from contracts with customers		
Thermax Limited, India	208.45	268.36
Miscellaneous income		
Thermax Limited, India	0.71	-
Thermax Engineering Construction Company Limited, India	-	1.20
Thermax Cooling Solutions Limited, India (earlier known as Thermax SPX Energy Technologies Limited)	0.31	0.36
Recovery of expenses		
Thermax Engineering Construction Company Limited, India	4.34	2.68
Thermax Limited, India	7.95	0.03
Purchase of raw material and components		
Thermax Limited, India	43.01	0.00
Site expenses and contract labour charges		
Thermax Engineering Construction Company Limited, India	2.45	9.62
Reimbursement of expenses		
Thermax Engineering Construction Company Limited, India	0.24	4.27
Thermax Sdn. Bhd, Malaysia	0.48	0.73
Thermax Limited, India	20.54	0.47
Remuneration to key management personnel		
Mr. Pravin Karve	1.62	-
Mrs. Lata Kumar	0.23	-
Ms. Apurva Gupte	0.06	0.05
Purchase of property, plant and equipment		
Thermax Engineering Construction Company Limited, India	-	0.28
Issue of Preference shares		
Thermax Limited, India	-	52.70
Loan taken		
Thermax Limited, India	301.00	-
Director's sitting fees		
Mr. Nawshir Mirza	0.05	-
Other expenses		
Thermax Limited, India	13.31	-
Rent paid		
Thermax Limited, India	2.49	-
Corporate guarantees received		
Thermax Limited, India	2,006.54	-
Interest paid		
Thermax Limited, India	13.25	-

Particulars	March 31, 2020	March 31, 2019
Balances as at year end		
Trade receivables		
Thermax Limited, India	38.52	-
Thermax Engineering Construction Company Limited, India	1.60	2.00
Thermax Instrumentation Limited, India	-	0.37
Thermax Cooling Solutions Limited, India (earlier known as Thermax SPX Energy Technologies Limited)	-	0.90

Particulars	March 31, 2020	March 31, 2019
Advances given		
Thermax Limited, India	0.82	-
Thermax Instrumentation Limited, India	0.35	-
Thermax Engineering Construction Company Limited, India	0.46	1.16
Trade payables		
Thermax Limited, India	51.88	-
Thermax Engineering Construction Company Limited, India	1.86	4.08
Unbilled revenue		
Thermax Limited, India	12.82	14.59
Unearned revenue		
Thermax Limited, India	9.02	18.27
Interest accrued on loan taken		
Thermax Limited, India	5.94	-
Advances received		
Thermax Limited, India	35.14	-
Corporate guarantees received		
Thermax Limited, India	2,006.54	-
Loan received		
Thermax Limited, India	301.00	-

Terms and conditions of related party transactions

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has recorded an impairment of receivables relating to amounts owed by related parties of Rs. 1.50 crores (March 31, 2019: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. All outstanding balances are unsecured and repayable in cash.

33 Segment information

The Company's portfolio includes subcritical and supercritical boilers and related services. The MD and CEO of the Company, Mr. Pravin Karve, has been identified as the Chief Operating Decision Maker ('CODM'). For management purposes, the Company reports the details of operating segments as a single segment for "energy and allied services". The CODM reviews the information for this single segment only. Accordingly, the Company has provided only geographical segment disclosures.

Sales revenue by geographical segment

Particulars	March 31, 2020	March 31, 2019
Revenue^		
Within India	1,288.76	855.90
Outside India	685.88	835.28
Total Revenue	**1,974.64**	**1,691.18**
Carrying Amount of non current assets		
Within India	464.17	525.56
Outside India	-	-
Total Asset	**464.17**	**525.56**
Addition to plant, property and equipment and intangible assets*		
Within India	1.83	8.58
Outside India	-	-
Total Addition to plant, property and equipment and intangible assets	**1.83**	**8.58**

^Revenues of Rs 607.45 (March 31, 2019: Rs 457.72) are derived from two (March 31, 2019: one) external customers of the Company.

*excludes assets acquired on slump purchase

All amounts are in Rupees Crore, except per share data and unless stated otherwise

34 Fair value measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

	As at March 31, 2020	As at March 31, 2019
Trade receivables	627.88	430.48
Loans	3.67	4.12
Other financial assets	256.78	684.63
Cash and cash equivalents	15.29	97.59
Bank balances other than cash and cash equivalents	18.28	3.51
Total	**921.90**	**1,220.33**
Current assets	919.09	1,193.06
Non-current assets	2.81	27.27
Total	**921.90**	**1,220.33**

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

Details of financial assets carried at fair value through profit and loss

	As at March 31, 2020	As at March 31, 2019
Investments	164.29	48.40
Total	**164.29**	**48.40**
Current assets	164.29	48.40
Non-current assets	-	-
Total	**164.29**	**48.40**

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

Details of derivative assets

	As at March 31, 2020	As at March 31, 2019
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	-	6.99
Derivative not designated as hedges		
Foreign exchange forward contracts	0.05	1.57
Total	**0.05**	**8.56**
Current assets	0.05	8.56
Non-current assets	-	-
Total	**0.05**	**8.56**

Details of financial liabilities carried at amortised cost

	As at March 31, 2020	As at March 31, 2019
Borrowings	279.40	113.63
Trade payable	363.92	473.93
Employee related payables	14.46	20.31
Other liabilities	90.99	131.57
Total	**748.77**	**739.44**
Current liabilities	527.77	739.11
Non current liabilities	221.00	0.33
Total	**748.77**	**739.44**

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

The Company enters into derivative financial instruments with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Details of derivative liabilities

	As at March 31, 2020	As at March 31, 2019
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	11.19	5.77
Derivative not designated as hedges		
Foreign exchange forward contracts	3.92	0.25
Total	**15.11**	**6.02**
Current liabilities	15.11	6.02
Non-current liabilities	-	-
Total	**15.11**	**6.02**

Details of financial liabilities carried at fair value

	As at March 31, 2020	As at March 31, 2019
Borrowings		
Preference Shares (52,700,000 (March 31, 2019: 52,700,000) redeemable preference shares of Rs. 10/- each) (note 32)	59.98	55.76
Total	**59.98**	**55.76**
Current liabilities		
Non-current liabilities	59.98	55.76
Total	**59.98**	**55.76**

b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2020

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2020	-	164.29	-
Derivative financial assets	March 31, 2020	-	0.05	-
Financial liabilities				
Derivative financial liabilities	March 31, 2020	-	15.11	-
Borrowings	March 31, 2020	-	-	59.98

Quantitative disclosures of 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	-	48.40	-
Derivative financial assets	March 31, 2019	-	8.56	-
Financial liabilities				
Derivative financial liabilities	March 31, 2019	-	6.02	-
Borrowings	March 31, 2019	-	-	55.76

There has been no transfer between Level 1 and Level 2 during the year.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

35 (a) Financial risk management

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

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2020 and March 31, 2019. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk as the loans taken are from the Parent Company.

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts(foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
INR/ USD - Increase by 1%	(0.10)	3.39	(1.44)	(1.59)
INR/ USD - Decrease by 1%	0.10	(3.39)	1.44	1.59
EURO Sensitivity				
INR/ EUR - Increase by 1%	(0.15)	0.12	-	0.42
INR/ EUR - Decrease by 1%	0.15	(0.12)	-	(0.42)

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 6 and 8(b) above. The charge of impairment to Statement of profit and loss is diclosed in note 27(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2020 and March 31, 2019 is the carrying amounts as disclosed in Note 8(a) and 12, maximum exposure relating to financial derivative instruments is disclosed in notes 8(b) and 17(b) to the financial statements.

III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

(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, 2020	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	58.40	221.00	59.98
Trade Payables	363.92	-	-
Other financial liabilities			
Current maturities of long-tem borrowings	80.00	-	-
Interest accrued but not due on loans	5.94	-	-
Other payables	19.51	-	-
Derivatives (net settled)			
Foreign exchange forward contracts	15.11	-	-

March 31, 2019	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	113.63	-	55.76
Trade Payables	473.93	-	-
Other financial liabilities			
Other payables	151.55	0.33	-
Derivatives (net settled)			
Foreign exchange forward contracts	6.02	-	-

35 (b) Hedging activities and derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in USD, EUR and forecast purchases in USD, EUR, GBP and CZK. These forecast transactions are highly probable, and fully cover the Company's expected future sales and future purchases based on the orders received.

While the Company also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Particulars	March 31, 2020		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	0.05	(15.11)	8.56	(6.02)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

Particulars	March 31, 2020		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	398.63	5.60	521.05	42.14
Derivatives not designated as hedges				
Foreign exchange forward contracts	139.20	5.39	77.53	17.80

All the derivative contracts mature within the next 12 months.

The cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and a net unrealised loss of Rs. 3.21 (March 31, 2019: gain of Rs. 5.51), with a deferred tax asset of Rs. 0.81 (March 31, 2019: deferred tax liability of 1.39) relating to the hedging instruments, is included in OCI.

The cash flow hedges of the expected future purchases during the year ended March 31, 2020 were assessed to be highly effective, and a net unrealised loss of Rs. 0.08 (March 31, 2019: Rs. 4.75) with a related deferred tax asset of Rs. 0.02 (March 31, 2019: Rs. 1.20) was included in OCI in respect of these contracts.

The amounts retained in OCI at March 31, 2020 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2021.

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, 2020 and March 31, 2019. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2020	March 31, 2019
Borrowings	339.38	169.39
Trade payables	363.92	473.93
Book overdraft	4.25	-
Less: Cash and cash equivalents	(15.29)	(3.51)
Net debt	**692.26**	**639.81**
Equity	524.69	553.51
Capital and net debt	**1,216.95**	**1,193.32**
Gearing ratio	**1 : 1.76**	**1 : 1.87**

37 Impact of COVID-19

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared a national lockdown on March 24, 2020 and which has been extended from time to time. COVID-19 is significantly impacting on business operations of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. The Company is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government. The Company has evaluated its liquidity position and recoverability and carrying values of its trade receivables, contract balances and inventories and has concluded that no material adjustments are required at this stage.

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: June 12, 2020

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director and CEO
DIN: 06714708

Lata Kumar
Chief Financial Officer

Apurva Gupte
Company Secretary

Place: Pune
Date: June 12, 2020

FIRST ENERGY PRIVATE LIMITED

Board of Directors	***Registered Office***	***Auditors***
Hemant Mohgaonkar Rajendran Arunachalam Mahesh Yagnaraman Raymond Moses	Thermax House 14, Mumbai-Pune Road, Wakdewadi, Pune - 411 003	B. K. Khare & Co. Chartered Accountants Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road, Pune 411004
Key Managerial Personnel	***Corporate Office***	***Bankers***
Neha Tilak, CFO Sampada Sakhare, CS Satish Chinchalkar, Manager	Eco House, Plot No D-13 R.D. AGA Road, MIDC Sec 2 Industrial Area, MIDC Chinchwad Pune - 411019	HDFC Bank Union Bank of India State Bank of India

DIRECTORS' REPORT

Dear Shareholder,

The Directors have pleasure in presenting the Twelfth Annual Report of the Company for the year ended March 31, 2020.

FINANCIAL RESULTS

(₹ lakh)

Particulars	**2019-20**	2018-19
Total income	**1848.46**	2190.96
Profit/(Loss) before depreciation	**(634.21)**	(295.68)
Depreciation and impairment	**412.37**	248.18
Profit/(Loss) before tax	**(1046.59)**	(543.86)
Provision for taxation (incl. deferred tax)	**–**	–
Items that not be reclassified to profit or loss	**11.4**	(1.61)
Profit/(Loss) after tax	**(1035.19)**	(545.47)

State of Company's Affairs

During the year, the Company earned a total income of ₹ 1848.46 lakh as against ₹ 2190.96 lakh in the previous year. Loss before depreciation and Impairment stood at ₹ 634.21 lakh (previous year, ₹ 295.68 lakh) and Loss after depreciation, impairment and tax is ₹1035.19 lakh (previous year ₹ 545.47 lakh).

During the year, the management has decided to restructure the business model by transferring assets (stoves & boilers), majority manpower and operational control to its franchisees. Part of the assets is sold directly to customers. The pelleting mills at Islampur are sold to Rajaram Bio and Dharwad mills would be liquidated to potential buyer. With this, the Company would be a non-going entity going forward.

The transition of business model resulted in drop in topline and the time lag between corresponding reductions in costs has resulted in decrease of profit.

Material changes affecting Financial Position of the Company

The financial position is affected as per changes explained in State of Company's Affairs.

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 ₹ 2546.64 lakh (Equity Shares – ₹ 1346.64 lakh and 8% Redeemable Preference Shares – ₹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, 2020.

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 business risks are mitigated due to change of status to non-going entity.

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

During the year, Mr. Amitabha Mukhopadhyay and Mr. Naveen Kumar Kshatriya have resigned from the office of Director w.e.f. May 31, 2019 and September 11, 2019 respectively and Mr. Rajendran Arunachalam and Mr. Raymond Moses were appointed as Additional Directors w.e.f. July 25, 2019 and October 25, 2019 respectively.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Hemant Mohgaonkar, Director (DIN: 01308831) 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.

Manager

The term of Mr. Satish Chinchalkar as a Manager of the Company has expired on April 26, 2019.

The company has re-appointed Mr. Satish Chinchalkar as a Manager of the company for a period of one year effective from July 25, 2019. Necessary resolution for the regularization has been included in the Notice of ensuing Annual General Meeting of the Company.

Key Managerial Personnel

Mr. Vishal Doke, Chief Financial Officer & KMP resigned w.e.f May 1, 2019. Ms. Neha Tilak has been appointed as Chief Financial Officer & KMP in his place w.e.f. October 25, 2019.

Board Meetings

The Board met five times during the year under review, on April 29, 2019, July 25, 2019, October 25, 2019, January 24, 2020 and March 24, 2020. 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. Due to closure of business activities, the Directors had prepared the annual accounts on a non-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 compliance with the revised standards.

Committees of the Board

The Board has constituted Audit Committee and Nomination and Remuneration Committee, however due to delayed appointment of Independent Directors, no meeting was held during the year under review.

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, RPTs were placed before Board 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 conservation of energy would continue to exist irrespective of the change of operating model to the extent of use of green energy in cooking & heating applications through the transferred assets.

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:

(₹ 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 2019-20:

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

Rajendran Arunachalam	**Hemant Mohgaonkar**
Director	Director
DIN: 08446343	DIN: 01308831

Pune, June 8, 2020

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, 2020

[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 details:020 66051200
6.	Whether listed company	:	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	KFin Technologies Pvt. Ltd. Address: Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Hyderabad, 500 032 Contact: 04067161510

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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% 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 01-04-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	%of Total Shares	
B.	**Public Shareholding**									
1.	Institution									
a)	Mutual Funds									
b)	Banks/FI									
c)	Central Govt									
d)	State Govt(s)	NIL								
e)	Venture Capital Funds									
f)	Insurance Companies									
g)	FIIs									
h)	Foreign Venture Capital Funds									
i)	Any other									
	Sub total(B)(1):	–	–	–	–	–	–	–	–	–
2.	**Non- Institutions**									
a)	Bodies Corp.									
b)	Indian	**93138**	–	**93138**	**0.69**	**93138**	–	**93138**	**0.69**	–
c)	Overseas	–	–	–	–	–	–	–	–	–
d)	Individuals	–	–	–	–	–	–	–	–	–
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2486941	–	2486941	18.47	2486941	–	2486941	18.47	–
e)	Others (specify)									
	- Directors Relative									
	- Trusts									
	- Foreign Bodies Corporate	NIL								
	- 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 01-04-2019)			Shareholding at the end of the year (As on 31-03-2020)			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Mahesh 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 01-04-2019)		Changes during the year			Shareholding at the end of the year (As on 31-03-2020)	
		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 (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019)	% of total shares of the company				No. of shares	% of total shares of the company
1	Naveen Kumar Kshatriya Jointly with Mrs. Puja Kshatriya*	817678	6.07	–	–	–	817678	6.07
2	Mukund Deogaonkar	555277	4.12	–	–	–	555277	4.12
4	Sreeram Thiagarajan	556993	4.14	–	–	–	556993	4.14
4	The Alchemist Ark Pvt. Ltd	93138	0.69	–	–	–	93138	0.69

* Mr. Naveen Kumar Kshatriya added in the list of Top 10 Shareholders and Mr. Raymond Moses ceased to be in Top 10 shareholders

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% 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.	Raymond Moses	556993	4.14	–	–	–	556993	4.14

V. INDEBTEDNESS

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

(Amount in ₹ lakh)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)					
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**
	Change in indebtedness during the financial year				
	Addition	125	361.62	–	486.62
	Reduction	87.6	–	–	87.6
	Net Change	**160.75**	**361.62**	**–**	**522.37**
Indebtedness at the end of the financial year (31.03.2020)					
i)	Principal Amount	160.75	361.62	–	522.57
ii)	Interest due but not paid	–	–	–	–
iii)	Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	**522.57**	**–**	**–**	**522.57**

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

B. Remuneration to other directors:

(Amount in ₹ lakh)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors	NIL					
	Fee for attending board / committee meetings						
	Commission						
	Others, please specify						
	Total(1)						
2.	Other Non-Executive Directors	**Rajendran Arunachalam**	**Hemant Mohgaonkar**	**Raymond Moses**	**Sriram Vishwanathan**	**Mahesh Yagnaraman**	**Total Amount**
	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						
	Overall 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			
		Chief Financial Officer (Mr. Vishal Doke)*	Chief Financial Officer (Ms. Neha Tilak.)*	Company Secretary (Sampada Sakhare)	Total
1.	Gross Salary	2.52	1.50	4.99	9.01
(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)	–	–	–	–
	Total	**2.52**	**1.50**	**4.99**	**9.01**

*Mr. Vishal Doke resigned as Chief Financial Officer w.e.f. May 1, 2019

*Ms. Neha Tilak appointed as Chief Financial Officer w.e.f. October 25, 2019

iv) Penalties /Punishment/ compounding of offences:

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

For and on behalf of the Board of Directors of
First Energy Private Limited

Rajendran Arunachalam
Director
DIN: 08446343

Hemant Mohgaonkar
Director
DIN: 01308831

Place: Pune
Date: June 8, 2020

FIRST ENERGY PRIVATE LIMITED

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, 2020, 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, 2020, 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.

Emphasis of matter

We draw attention to Note¬ 42 in the financial statements which describes management intension to discontinue the entire business operations of the Company and that the going concern basis of accounting is therefore not valid in preparing the financial statements. Accordingly, the financial statements have been prepared on a 'non- going concern basis'. Our opinion is not modified in this 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 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. 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, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN:

Place: Mumbai
Date: June 8, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: First Energy Private Limited ('the Company')

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

(b) The fixed assets have been physically verified by the management during the year according to phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The management has informed us that, 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 not conducted physical verification of inventory during the year, which in our opinion is not reasonable, having regard to the size of the Company and the nature of its operations.

(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 (₹in Lakhs)
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				1.28

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

(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.

(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
UDIN:

Place: Mumbai
Date: June 8, 2020

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, 2020 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, 2020, 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
UDIN:

Place: Mumbai
Date: June 8, 2020

FIRST ENERGY PRIVATE LIMITED

Balance Sheet as at March 31, 2020

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
I. Non-current assets			
Property, plant and equipment	3	165.67	1,128.43
Capital work-in-progress	3	–	1.95
Intangible assets	4	53.05	65.09
Other non-current assets	10	90.03	209.08
Total non-current assets		**308.74**	**1,404.55**
II. Current assets			
Inventories	11	5.43	135.64
Financial assets			
(a) Investments	5	80.96	101.86
(b) Trade receivables	6	126.12	106.88
(c) Cash and cash equivalents	12	383.02	99.88
(d) Bank balances other than (c) above	13	0.83	0.77
(e) Loans	7	18.05	22.75
(f) Other financial assets	8	1.01	0.64
Income tax assets (net)	9	9.61	5.10
Other current assets	14	36.68	9.89
Total current assets		**661.71**	**483.42**
Total		**970.45**	**1,887.96**
III. Equity and liabilities			
Equity share capital	15	1,346.64	1,346.64
Other equity	16	(3181.62)	(2146.42)
		(1834.98)	**(799.78)**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	17(a)	1,790.09	1,287.50
		1,790.09	1,287.50
V. Current liabilities			
Financial liabilities			
(a) Borrowings	17(b)	105.21	61.68
(b) Trade payables	18	431.91	516.23
(c) Other current financial liabilities	19	456.81	782.23
Other current liabilities	21	6.38	7.68
Provisions	20	15.01	32.42
		1,015.32	**1,400.24**
Total		**970.45**	**1,887.96**
Summary of significant accounting policies, judgements, estimates and assumptions	1 & 2		

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

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

For and on behalf of the Board of Directors of First Energy Private Limited

Shirish Rahalkar
Partner
Membership No : 111212

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Satish Chinchalkar
Manager and KMP

Neha Tilak
Chief Financial Officer

Place: Pune
Date: June 08, 2020

Sampada Sakhare
Company Secretary

Statement of profit and loss for the year ended March 31, 2020

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

Particulars	Note	March 31, 2020	March 31, 2019
Income			
Revenue from operations	22		
Sale of Products		1,448.72	2017.09
Sale of Services		336.01	73.94
Other operating Income		50.46	64.13
Revenue from operations	22	1,835.19	2,155.16
Other income	23	13.27	35.80
Total Income (I)		**1,848.46**	**2,190.96**
Expenses			
Cost of raw materials and components consumed	24	949.50	1,126.60
(Increase) / decrease in inventories of finished goods	25	82.57	–4.49
Employee benefits expense	26	326.18	400.37
Finance cost	27	165.24	134.55
Depreciation, amortisation expense and impairment	28	412.38	248.18
Other Expenses	29	959.18	829.61
Total expenses (II)		**2,895.06**	**2,734.82**
Loss before exceptional items and tax [(I) - (II)]		(1046.60)	(543.86)
Loss before tax (I-II)		**(1046.60)**	**(543.86)**
Tax expense		–	–
Loss for the year		**(1046.60)**	**(543.86)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans-gain	35	11.40	–1.61
Total other comprehensive income for the year, net of tax.		**11.40**	**–1.61**
Total comprehensive income for the year		**(1035.20)**	**(545.47)**
Basic and Diluted Earning per equity share [Nominal value per share ₹ 10/- (March 31, 2019: 10/-)]	31	**(7.77)**	**(4.04)**
Summary of significant accounting policies,judgements,estimates and assumptions	1 &2		

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

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

For and on behalf of the Board of Directors of First Energy Private Limited

Shirish Rahalkar
Partner
Membership No : 111212

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DIN : 08446343

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Manager and KMP

Neha Tilak
Chief Financial Officer

Place: Pune
Date: June 08, 2020

Sampada Sakhare
Company Secretary

Cash flow statement for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
A) Cash flows from operating activities		
Profit/(Loss) before tax	(1,046.60)	(543.86)
Adjustments to reconcile profit before tax to net cash flows		
Depreciation,amortization expenses and impairment	412.38	248.18
Provision for doubtful debts/deposits	10.56	(0.46)
Bad debts written off	25.80	16.78
Interest Expenses	165.24	134.55
Interest income from investment in Mutual funds/Fair value gain	(2.80)	(1.25)
Loss on sale / discard of assets (net)	316.18	12.17
(Profit)/Loss on sale of investment	(4.30)	(13.08)
Dividend and interest income classified as investing cash flows	(0.42)	(1.40)
Working capital adjustments		
(Increase) in Trade Receivables	(57.66)	(48.01)
(Increase) / Decrease in Inventories	130.21	(5.39)
(Increase) in Other non-current assets	119.05	(77.50)
Decrease in Other ST Loans	4.70	3.37
Decrease in Other current assets	(24.74)	(6.07)
Increase / (Decrease) in Trade Payables	(84.32)	83.16
Increase in Provisions	(6.01)	3.54
Increase / (Decrease) in Other current liabilities	(1.30)	0.17
(Decrease) in Other current financial liabilities	(325.42)	457.62
Cash generated from operations	**(369.43)**	**262.50**
Direct taxes paid (net of refunds received)	(4.51)	(1.71)
Net cash inflow / (outflow) from operating activities	**(373.95)**	**260.80**
B) Cash flows from /(used in) investing activities		
Purchase of Fixed Assets	(103.24)	(577.53)
Sale of Fixed Assets	351.45	3.50
Fixed Deposits with Banks placed	(0.05)	(0.05)
Fixed Deposits with Banks realised	41.68	
Purchase of other Investments	–	–
Proceeds from sale of other Investments	28.00	222.29
Interest received	0.05	1.69
Net cash flows (used in) investing activities	**276.21**	**(308.42)**
C) Cash flows from/ (used in) financing activities		
Proceeds from Borrowings(Preference shares)	–	–
Proceeds from Other Equity(Preference Shares)	–	–
Borrowings from Others/Financial Institutions	486.62	123.00
Repayment of Borrowings	(87.60)	(10.65)
Interest paid	(18.14)	(3.21)
Net cash flows from financing activities	**380.88**	**109.14**
Net increase / (decrease) in cash and cash equivalents	283.14	61.53
Cash and cash equivalents at the beginning of the year	99.88	38.35
Cash and cash equivalents at the end of the year	**383.02**	**99.88**

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

	March 31, 2020	March 31, 2019
Cash and cash equivalents (Note 12)	383.02	99.88
Book overdraft	–	–
Balances as per Cash flow statement	**383.02**	**99.88**

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

For and on behalf of the Board of Directors of First Energy Private Limited

Shirish Rahalkar
Partner
Membership No : 111212

Hemant Mohgaokar
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DIN : 08446343

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Manager and KMP

Neha Tilak
Chief Financial Officer

Sampada Sakhare
Company Secretary

Place: Pune
Date: June 08, 2020

Statement of changes in Equity for the year ended March 31, 2020

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

A. Equity Share Capital

	Notes	March 31, 2020	March 31, 2019
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			Equity component of Compound Financial Instruments	Total Equity
	Retained Earnings	Securities Premium	Total		
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)**
Issuance of preference share (Equity component)	-	-	-	-	**0.00**
As at March 31, 2019	**(3564.62)**	**1171.48**	**(2393.14)**	**246.72**	**(2146.42)**
Profit for the year	(1046.60)	-	**(1046.60)**	-	**(1046.60)**
Other Comprehensive Income	11.40	-	**11.40**	-	**11.40**
Total comprehensive income	**(4599.82)**	**1171.48**	**(3428.34)**	**246.72**	**(3181.62)**
As at March 31, 2020	**(4599.82)**	**1171.48**	**(3428.34)**	**246.72**	**(3181.62)**

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

For and on behalf of the Board of Directors of First Energy Private Limited

Shirish Rahalkar
Partner
Membership No : 111212

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Satish Chinchalkar
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Neha Tilak
Chief Financial Officer

Sampada Sakhare
Company Secretary

Place: Pune
Date: June 08, 2020

Notes to financial statements for the year ended March 31, 2020

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

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.

2. Significant accounting policies

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

(a) Basis of preparation

The company is in the business of alternative energy company that applies biomass and gasification technology to heating appliance, specifically commercial cooking. During the year ended 31 March, 2020, in view of continuous business uncertainties in the 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 2020, 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.

2.3 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 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.

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

i. Financial instruments

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

Financial Assets

Initial Recognition and measurement

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

k. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

v. Earnings per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Significant accounting judgements

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

Legal contingencies

During the earlier years the Company had received orders/ notices from tax authorities in respect of direct taxes, for which proceedings are in process. The outcome of these matters will not 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.

Notes to financial statements for the year ended March 31, 2020

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

3 Property, Plant and Equipment

Particulars	Buildings	Plant and Equip-ment	Office Equip-ment	Computer	Furniture and Fixtures	Total	Tangible assets under development (Capital work in progress)
Gross carrying amount as at Mar 31, 2019	**10.33**	**3,143.42**	**13.12**	**68.59**	**23.96**	**3,259.42**	**–**
Additions	–	105.19	–	–	–	105.19	–
Disposals	–	1,095.08	–	–	–	1,095.08	–
Transfers						–	–
Gross carrying amount as at Mar31, 2020	**10.33**	**2,153.53**	**13.12**	**68.59**	**23.96**	**2,269.53**	**–**
Closing accumulated depreciation and impairment as at Mar 31, 2019	10.33	2,019.32	12.09	67.89	21.36	2,130.98	–
Charge for the year	–	261.93	0.53	0.09	1.46	264.02	–
Impairment Loss		136.31	–	–	–	136.31	–
Disposals	–	427.44	–	–	–	427.44	–
Closing accumulated depreciation and impairment as at Mar 31, 2020	10.33	1,990.12	12.62	67.98	22.82	2,103.87	–
Net Block Mar31, 2020	**0.00**	**163.41**	**0.49**	**0.61**	**1.14**	**165.67**	**–**
Net Block March 31, 2019	**0.00**	**1,124.10**	**1.03**	**0.70**	**2.60**	**1,128.43**	**1.95**

All these Fixed assets are hypothicated with TATA Capital Financial services against secured loans .reciation / amortisation as at April 1, 2015 was ₹ 550.38.

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 Mar 31, 2019	144.65	123.05	**267.70**	–
Additions	–	–	–	–
Disposals/Adjustments	–	–	–	–
Gross carrying amount as on Mar31,2020	**144.65**	**123.05**	**267.70**	–
Closing accumulated depreciation as at Mar 31, 2019	**134.25**	**68.36**	**202.61**	–
Amortisation charge for the year	5.34	6.70	12.05	–
Disposals	–	–	–	–
Closing accumulated depreciation as at Mar31,2020	**139.59**	**75.06**	**214.65**	–
Net Block March 31,2020	**5.05**	**47.98**	**53.05**	–
Net Block March 31, 2019	**10.40**	**54.69**	**65.09**	–

5 Current Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in mutual funds		
Investments at Fair value through Profit and Loss		
Quoted		
Investment- Aditya Birla Liquid Fund (29883.28 units @ FV 10 per unit) (previous year: 40470.44 units @ FV 10 per unit)	80.96	101.86
Total	**80.96**	**101.86**

6 Current trade receivable

Particulars	March 31, 2020	March 31, 2019
Trade receivables		
Receivables from related parties(note 36 (e))	0.69	–
Others	125.43	106.88
Total receivables	**126.12**	**106.88**
Break-up of security details		
Unsecured, considered good	126.12	106.88
Doubtful	39.40	29.68
	165.52	**136.56**
Less: Provision for doubtful debts	(39.40)	(29.68)
Total	**126.12**	**106.88**

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

Particulars	March 31, 2020	March 31, 2019
At amortized cost		
Security deposits		
Unsecured, considered good	18.05	22.75
Doubtful	–	2.06
	18.05	24.81
Less: Provision for doubtful security deposits	0.00	–2.06
Total	**18.05**	**22.75**

8 Other financial assets

Particulars	March 31, 2020	March 31, 2019
At amortized cost		
Interest accrued on fixed deposits	1.01	0.64
Total	**1.01**	**0.64**

9 Income tax assets (net)

Particulars	March 31, 2020	March 31, 2019
TDS Receivable	9.61	5.10
Total	9.61	5.10

Notes to financial statements for the year ended March 31, 2020

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

10 Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Sales Tax Recoverable	125.03	213.36
	125.03	**213.36**
Less : Classified as Current	(35.00)	-4.28
Total	**90.03**	**209.08**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	2.16	49.80
Finished goods	3.27	85.84
Total	**5.43**	**135.64**

12 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- in current accounts	383.02	99.88
Total	**383.02**	**99.88**

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

Particulars	March 31, 2020	March 31, 2019
Deposits with original maturity of more than 3 months but less than 12 months	0.83	0.77
Total	**0.83**	**0.77**

14 Other current assets

Particulars	March 31, 2020	March 31, 2019
Unsecured considered good		
Sales tax recoverable	35.00	4.28
Advances to employee	1.06	3.25
Prepaid Expenses	0.62	2.36
Total	**36.68**	**9.89**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized shares		
3,80,00,000 (Previous year 3,80,00,000) equity shares of ₹ 10/- each.	3,800	3,800
	3,800.00	**3,800.00**
Issued, subscribed and fully paid share capital		
1,34,66,365 (Previous year 1,34,66,365) equity shares of ₹ 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	₹
Equity share of ₹ 10 each issued, subscribed and fully paid		
As at March 31,2019	13,466,365	1,346.64
Changes during the year	–	–
At March 31, 2020	**13,466,365**	**1,346.64**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 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

Particulars	As at March 31, 2020	As at March 31, 2019
Holding company		
Thermax Limited		
1,02,34,437 (Previous year: 1,02,34,437) equity shares of ₹ 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, 2020	As at March 31, 2019
(i) Thermax Limited, India		
% Holding	76.00%	76.00%
No. of shares	10,234,437	10,234,437
(ii) Naveen & Puja Kshatriya		
% Holding	6.07%	6.07%
No. of shares	817,678	817,678

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.

Notes to financial statements for the year ended March 31, 2020

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

16 Other equity

	Particulars	As at March 31, 2020	As at March 31, 2019
Reserves and surplus			
A	**Securities premium account**	1,171.48	1,171.48
B	**Retained earnings**		
	Opening balance	(3564.62)	(3019.15)
	Add: Loss for the year	(1046.60)	(543.86)
	Add: Re-measurements of post-employment benefit obligations	11.40	–1.61
	Net surplus/ deficit in the statement of profit and loss	**(4599.82)**	**(3564.62)**
C	**Total Reserves and Surplus (A+B)**	**(3428.34)**	**(2393.14)**
	Equity component of compound financial instrument	**246.72**	**246.72**
Total		**(3181.62)**	**(2146.42)**

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

Particulars	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Term loans (from Financial Institution)		
Secured Loans	160.75	123.35
Term loans (from Parent Company unsecured)	361.62	–
Less : Current maturities of Long term Borrowings (included in note 17 (b) “	105.21	61.68
Total	417.16	61.67
8% Cumulative reedemable preference shares	1,372.93	1,225.83
(1,20,00,000 shares of ₹ 10 each fully paid)		
Total	**1,790.09**	**1,287.50**

During the year ended 31st March 2017, the Company had issued 60,00,000 Redeemable Preference Shares of ₹ 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 ₹ 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 ₹ 160.75 lacs @ 10.9% p.a., for 3 years out of which 105.21 lacs is classified as current and ₹55.54 lacs classified as non current. All the fixed assets, Inventories and Accounts receivables are hypothicated with the Bank against this loan.

Unsecured loan from Thermax Ltd.as on 31st of March 2020 is ₹ 361.62 lacs, classified as noncurrent.

(b) Current Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Secured		
From Financial Institution	105.21	61.68
Total	**105.21**	**61.68**
Aggregate Secured loans	**522.37**	**123.35**
Aggregate Unsecured loans	1,372.93	1,225.83

18 Current trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.27	11.35
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (note 36 e)	38.43	23.52
(ii) Others	404.87	481.36
Total	**443.57**	**516.23**

	March 31, 2020	March 31, 2019
The Principal amount and the interest due thereon remainning unpaid to any supplier as at the end of each accounting year	0.27	11.35
Principal amount outstanding to micro and small enterprises		
Interest due thereon	0.05	0.01
The amount of interest paid by the company in terms of section 16 of the MSMED act,2006 along with the amounts of the payment made to the supplier beyond the 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.	0.13	0.08
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

Particulars	As at March 31, 2020	As at March 31, 2019
At amortized cost		
Trade deposits	**170.91**	**363.63**
Capital Creditors	**255.94**	**387.73**
Employee related payables	18.30	30.87
	445.15	**782.23**

Notes to financial statements for the year ended March 31, 2020

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

20 Current provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for gratuity (Refer note 35)	15.01	32.42
Total	**15.01**	**32.42**

21 Other Current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues and other liabilities*	6.38	7.68
Total	**6.38**	**7.68**

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

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	1,895.30	1,349.18
Trade payable	431.91	516.23
Other liabilities	456.81	782.23
	2,784.03	**2,647.64**
Current liabilities	993.93	1,360.14
Non current liabilities	1,790.09	1,287.50
	2,784.03	**2,647.64**

22 Revenue from operations (net)

i) Disaggregated revenue

Particulars	As at March 31, 2020	As at March 31, 2019
Details of revenue		
Sale of products	1,448.72	2,017.09
Sale of Services	336.01	73.94
Total revenue	**1,784.73**	**2,091.03**
Timing of revenue recognised during the year		
Over a period of time basis	336.01	73.94
At a point-in-time basis	1,448.72	2,017.09
Total revenue	**1,784.73**	**2,091.03**
Geographical market of revenue recognised during the year		
Within India	1,784.73	2,091.03
Outside India	–	–
Total revenue	**1,784.73**	**2,091.03**

ii) Contract balances

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

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	126.12	106.88

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

Particulars	March 31, 2020	March 31, 2019
Rental Income	42.80	63.45
Sale of scrap	7.66	0.68
Total	**50.46**	**64.13**
Revenue from operations (net)	**1,835.19**	**2,155.16**

23 Other income

Particulars	March 31, 2020	March 31, 2019
Net gain on sale of current investments designated at FVPL	4.30	13.08
Interest Income on bank deposits	0.42	1.40
Fair value gain on financial instrument at fair value through profit & loss (net)	2.80	1.25
Miscellaneous income	5.75	20.07
Total	**13.27**	**35.80**

24 Cost of raw material and components consumed

Particulars	March 31, 2020	March 31, 2019
Inventories at the beginning of the year	49.80	48.90
Add: Purchases	901.86	1,127.50
	951.66	**1,176.40**
Inventories at the end of the year	2.16	49.80
	949.50	**1,126.60**
Total	**949.50**	**1,126.60**

25 (Increase) / decrease in inventories of finished goods

Particulars	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Finished goods	85.84	81.35
	85.84	**81.35**
Less: inventories at the end of the year		
Finished goods	3.27	85.84
	3.27	**85.84**
	82.57	**(4.49)**

26 Employee benefits expense

Particulars	March 31, 2020	March 31, 2019
Salaries and wages	298.47	365.45
Contribution to provident and other funds	15.64	24.49
Gratuity expense (Refer note 35)	7.63	6.70
Staff welfare expenses	4.44	3.73
	326.18	**400.37**

27 Finance costs

	March 31, 2020	March 31, 2019
Interest expense	165.24	134.55
	165.24	**134.55**

Notes to financial statements for the year ended March 31, 2020

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

28 Depreciation,amortization expense and impairment

Particulars	March 31, 2020	March 31, 2019
Depreciation of tangible assets	264.02	223.29
Amortization of intangible assets	12.05	24.89
Impairment Loss (Note 43)	136.31	–
	412.38	**248.18**

29 Other expenses

Particulars	March 31, 2020	March 31, 2019
Freight and forwarding charges (net)	267.68	409.19
Travelling and conveyance	42.89	98.31
Consumption of stores and spare parts	25.07	6.47
Rent (note 34(a))	48.77	46.95
Rates and taxes	3.07	26.98
Legal and professional fees (Including payment to Auditors (Refer note 30)	13.04	24.24
Communication expenses	10.59	30.45
Advertisement and sales promotion	–5.49	8.73
Repairs and maintenance		
Boiler and Stove	28.93	71.09
Plant and machinery	1.31	22.35
Others	8.02	7.87
Bad debts written off	25.80	16.78
Provision for doubtful debts/deposits	10.56	–0.46
Warehouse Expenses	8.96	12.33
Business promotion	5.70	8.54
Research and development expenses	1.15	1.70
Transportation	–	2.37
Power and fuel	0.95	1.39
Insurance	3.03	2.49
Loss on sale / discard of assets (net)	316.18	12.17
Printing and stationery	1.40	2.25
Office expenses	6.02	9.08
Interest under MSMED	0.05	0.01
Miscellaneous expenses (includes bank charges, commission & brokerage, rent collection charges, etc.)	2.62	8.33
Loss on write off of Inventory	50.51	–
Loss on write off of VAT Assets	22.27	–
Loss on write off of GST Receivables	60.10	–
	959.18	**829.61**
Less: capitalised during the year	–	–
	959.18	**829.61**

30 Payment to auditors

Particulars	March 31, 2020	March 31, 2019
As auditor		
Audit and limited review fee	3.18	2.36
Tax audit fee	0.68	0.50
In other capacity		
Other services	–	0.05
Reimbursement of expenses	0.10	0.18
Total	**3.96**	**3.09**

31 Earnings per share

Particulars	March 31, 2020	March 31, 2019
Net profit attributable to the Equity shareholders of the Company	(1,046.60)	(543.86)
Weighted average number of Equity shares of ₹10/- each	13,466,365	13,466,365
Basic and Diluted EPS	(7.77)	(4.04)

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, 2020	March 31, 2019
Disputed demands in respect of Sales Tax/VAT	1.37	49.07

34 i. Operating lease: Company as lessee

The Company has taken office buildings on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing.

Particulars	March 31, 2020	March 31, 2019
Lease payments-Upto 1 year	46.56	38.79
Lease payments-1 to 5 years	14.69	–
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, 2020	March 31, 2019
Lease received for the year	42.80	–

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, 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)	–
Total amount recognised in Other Comprehensive Income	**1.61**
Employer contributions	–
Benefits paid	(3.16)
March 31, 2019	**32.42**

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

Particulars	Present value of obligation
April 1, 2019	32.42
Current service cost	5.70
Interest expense/(income)	1.93
Total amount recognised in Profit or Loss	**7.63**
Experience adjustments	(11.91)
Actuarial (gain)/loss from change in demographic assumptions	–
Actuarial (gain)/loss from change in financial assumptions	
Return on plan assets expense/(income)	0.51
Acquisition adjustments	–
Total amount recognised in Other Comprehensive Income	**(11.40)**
Employer contributions	–
Benefits paid	(13.64)
March 31, 2020	**15.01**

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

Particulars	March 31, 2020	March 31, 2019
Deficit of funded plan	**15.01**	**32.42**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary growth rate	7%	7%
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, 2020	March 31, 2019
Discount rate		
1.00% increase	Decrease by .57	Decrease by 2.53
1.00% decrease	Increase by .68	Increase by 3.01
Future salary increase		
1.00% increase	Increase by .62	Increase by 2.75
1.00% decrease	Decrease by .53	Decrease by 2.37
Attrition Rate		
1.00% increase	Increase by 0.01	Increase by 0.19
1.00% decrease	Decrease by 0.00	Decrease by 0.24

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, 2020	March 31, 2019
Within next 12 months	10.18	9.56
Between 2-5 years	1.50	8.02
Between 5-10 years	3.97	27.72

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.88 years (March 31, 2019: 17.58 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 ₹ 7.63lacs (March 31, 2019 ₹ 6.7lacs)

36 Related party disclosures

a. Name of related parties & description of relationship

Sr. No.	Relationship	Name of related parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holdings Private Limited
3	Subsidiaries and Joint Venture Companies of Holding Company	Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brasil Energia eEquipamentos Ltda
		Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd.
		Thermax Netherlands BV.
		Thermax Denmark ApS
		Danstoker A/S
		Ejendomsanp artsselskabet Industrivej Nord 13
		Boilerworks A/S
		Boilerworks Properties ApS Industrivej
		Rifox-Hans Richter GmbH Spezialarmaturen
		Thermax SDN.BHD
		Thermax Engineering Singapore Pte. Ltd.
		PT Thermax International
		Thermax Senegal S.A.R.L
		Thermax Nigeria Ltd.
		Thermax Onsite Energy Solutions Ltd.
		Thermax Babcock & Wilcox Energy Solutions Pvt Ltd
		Thermax SPX Energy Technologies Ltd
		Thermax Hong Kong Ltd
		Thermax Energy and Environment Philippines Corporation
		Thermax Energy & Environment Lanka (Private) Limited
		Danstoker Poland Spolka Z Organiczona Odpowiedzialnoscia
		Thermax Engineering Construction FZE

Notes to financial statements for the year ended March 31, 2020
(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)

b. Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 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 (up to 31 May 2019)
2 Mr. Hemant Mohgaonkar -Nominee Director
3 Mr. Sriram Vishwanathan -Nominee Director
4 Mr. Mahesh Yagnaraman-Director
5 Mr. Naveen Kshatriya-Director (up to September 11, 2019)
Mr. Rajendran Arunachalam - Director (w.e.f. July 25, 2019)
Mr. Raymond Moses – Director (w.e.f October 25, 2019)
6 Mr. Satish Chinchalkar - Manager ((w.e.f. July 25, 2019)
8 Mr. Vishal Doke - CFO (w.e.f January 25, 2019 to May 1, 2019)
Ms. Neha Tilak – CFO (w.e.f. October 25, 2019)
9 Ms. Sampada Sakhare - CS (w.e.f April 2, 2018)

e. Transactions with Related parties:

Particulars	Holding Company		Entities Controlled by Holding company		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
a. Transactions during the year										
Sales of products and services	–	–	9.10	10.70	–	–	–	–	9.10	10.70
Recovery of expenses from related parties	–	–	0.58	2.98	0.58	–	–	–	1.16	–
Purchase of raw material and components and services/products	–	–	–	–	–	–	–	–		
Purchase of Capital Equipments	18.43	325.36	–	–	–	–	–	–	18.43	325.36
Reimbursement of expenses to related parties	33.41	46.57	–	2.50	–	–	0.06	1.18	33.47	50.25
Remuneration to key management personnel*	–	–	–	–	–	–	9.01	7.94	9.01	7.94
Issuance of preference shares	–	–	–	–	–	–	–	–		

* Does not include gratuity and leave encashment since the same is calculated for all employee of the company as a whole.

Particulars	Holding Company		Entities Controlled by Holding company		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balances as at the Year end										
Trade receivable	–	–	0.69	–	–	–	–	–	0.69	–
Trade payables and other Liabilities	656.99	323.98	–	0.23	–	0.27	–	–	656.99	324.48
Preference Shares	1,200.00	1,200.00	–	–	–	–	–	–	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

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

37 I. Fair value measurements

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	1,895.30	1,349.18
Trade payable	431.91	516.23
Other liabilities	456.81	782.23
Total	**2,784.03**	**2,647.64**
Current liabilities	993.93	1,360.14
Non current liabilities	1,790.09	1,287.50
Total	**2,784.03**	**2,647.64**

Break-up of financial assets carried at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	126.12	106.88
Loans	18.05	22.75
Other financial assets	1.01	0.64
Cash and cash equivalents	383.02	99.88
Bank balances other than cash and cash equivalents	0.83	0.77
Total	**529.03**	**230.92**
Current assets	529.03	230.92
Non-current assets	–	–
Total	**529.03**	**230.92**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Investments		
Mutual funds	80.96	101.86
Total financial assets (Current)	80.96	101.86

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, 2020

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2020	–	80.96	–

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 2019	–	101.86	–

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, 2020	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	–	105.21	361.62	1,372.93	–
Trade Payables	–	431.91	–	–	–
Other payables	–	456.81	–	–	–

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	–	–	–

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, 2020 and March 31, 2019.

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, 2020

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, 2020 and March 31, 2019.

The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2020 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.

Notes to financial statements for the year ended March 31, 2020

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

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, 2020	March 31, 2019
Interest rate		
- Increase by 100 basis points	(15.35)	(13.76)
- Decrease by 100 basis points	15.35	13.76

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, 2020, the Company had that accounted for approximately 24% (March 20-22%) 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, 2020	March 31, 2019
Borrowings	1,895.30	1,349.18
Trade payables	431.91	516.23
Capital Creditors	267.60	387.73
Less: Cash and cash equivalents (includes other bank balances)	383.85	100.65
Net debt	**2,210.97**	**2,152.49**
Equity	(1834.98)	(799.78)
Net Debt to Equity	**(1.20)**	**(2.69)**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

40 Disclosure for statement of Cash Flows-Ind AS -7

	March 31,2019	Cash Flows	Acqui-sition	Foreign exchange movements	Fair value changes/ Accrual'	March 31,2020
Equity component of preference shares	246.72	–	–	–	–	246.72
Long term Borrowings	1,287.50	255.87	–	–	–	1,543.37
Short term Borrowings/ Current liabilities	61.68	43.53	–	–	–	105.21
Total	**1,595.90**	**299.40**	**–**	**–**	**–**	**1,895.30**

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 ₹ 1346.64 Lakhs and share premium is ₹1171.48 Lakhs. However net worth is fully eroded at Mar-2020.

The Company has incurred a loss of ₹1035.18 Lakhs during the year ended March 31, 2020.

Since, FEPL was incurring operational losses since taken over by Thermax Ltd. During this financial year,, is has been decided to stop this activity or sell this business to Franchisee of the company.

Since major revenue streams of the companies are stopped and company does not see any other business proposition for FEPL, it has been decided to revalue all its remaining assets at realisable values and book all the related losses in FY 20. Based on above explanation financials are prepared on Not going concern basis.

43 During the year ended March 31, 2020 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 ₹ 136.31 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, 2020.

44 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

45 During the year, company has sold Islampur plant at a lump sum value of ₹1,10,00000 having WDV of ₹21,476,.037.

The disclosure is given as per Ind AS 105 Non current assets held for sale and discontinued operations. As below :

Particulars	WDV as on date of sale	Sale Value	Loss on sale of Assets
Islampur Plant	21476037	11000000	10476037

46 World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 24, 2020 and which is getting further extended. COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc.

The Company is monitoring the situation closely and operations is being resumed in a phased manner considering directives from the Government.

The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in the financial results.

47 Company has not identified any significant impact on the standalone financial results for the year ended March 31, 2020 wrt. IND AS116-Leases.

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

For and on behalf of the Board of Directors of
First Energy Private Limited

Shirish Rahalkar
Partner
Membership No : 111212

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Satish Chinchalkar
Manager and KMP

Neha Tilak
Chief Financial Officer

Place: Pune
Date: June 08, 2020

Sampada Sakhare
Company Secretary

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, 2020.

THERMAX EUROPE LIMITED

Board of Directors	*Registered Office*	*Auditors*
V Balasubramanian Sandeep Mandke	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 2020

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The performance for the financial year 19-20 has been lower than what was budgeted at the beginning of the year but similar to the previous financial year.

The year closed with a turnover of £ 5.0 Million (previous year £ 6.2 Million). The pre-tax profit stands at £ 138,219 (previous year £ 619,356). The order booking for the year stands at £ 5.4 Million.

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 2020-21 will be on lower side due to the ongoing COVID-19 situation. The focus will remain on Germany, Italy, 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.

EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK

Cash flow risk is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company finances its operations with cash and working capital items such as trade debtors and trade creditors that arise directly from its operations.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and credit facilities.

Credit risk is the risk that one party to financial instruments will cause a financial loss for that other party failing to discharge an obligation. The policy is aimed at minimising such losses and requires that the deferred terms are granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The director sets working capital targets including debtor days. Outstanding balances are reviewed by staff on a regular basis, in conjunction with debt ageing, and the Company operates a robust collection procedure.

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 no deal Brexit. But the impact on overall business due to this is negligible.

COVID-19 Risk: The economic fallout due to the lockdown in Europe, where our customers are based and India, where the chiller/ heat pump units are manufactured will have significant impact on the company. On the supply side, the plant in India is shut down and any opening of the activity will be gradual in the coming weeks and will affect the delivery schedules of the orders in Hand. The company is in continuous contact with its customers and appraising them of the developments. At the moment all our customers are planning to accept the unit as and when we can deliver. All our contracts have a Force Majeure clause that covers the COVID-19 situation. It is expected the plant will open in May 2020 and we expect delays of 4 to 6 weeks. The goods are delivered directly to the sea port of the destination country and hence we do not expect major risk to deliver the equipment.

We do not foresee any major risk to payments or any potential large bad debt situation. In general, all our clients and distributor companies have a reasonably strong balance sheet to weather the storm. Going forward it is difficult to predict the order intake due to the fluid situation in Europe. The company has sufficient cash reserves to withstand potential long shut down and hence the risk to the company as a going concern is low. The order carry forward to this year of £ 3.1 Million + orders booked in April 2020 of £ 2.5 million should help the company to have a healthy turnover and profit for the next financial year.

ON BEHALF OF THE BOARD:

Sandeep S Mandke - Director

Date: 5 May 2020

THERMAX EUROPE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2019 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

Shailesh B Nadkarni - resigned 26.9.19

Sandeep S Mandke - appointed 25.9.19

The directors shown below were in office at 31 March 2020 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2019 (or date of appointment if later) or 31 March 2020.

Venkatesh Balasubramanian

Sandeep S Mandke

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 or she 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:

Sandeep S Mandke - Director

Date: 5 May 2020

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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;
- 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 2020 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 2020 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.

Opinions 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

Date: 5 May 2020

THERMAX EUROPE LIMITED

Income Statement for the year ended 31 March 2020

		2020		2019	
	NOTE	**£**	**Rs Lacs**	£	Rs Lacs
Revenue		**5,014,838**	**4,704.82**	6,199,474	5,586.31
Cost of sales		**4,075,890**	**3,823.92**	4,879,383	4,396.78
Gross profit		**938,948**	**880.90**	1,320,091	1,189.53
Administrative expenses		**825,983**	**774.92**	719,860	648.66
Operating profit	4	**112,965**	**105.98**	600,231	540.86
Interest receivable and similar income		**25,254**	**23.69**	19,197	17.30
		138,219	**129.67**	619,428	558.16
Interest payable and similar expenses	5	–	–	72	0.06
Profit before taxation		**138,219**	**129.67**	619,356	558.10
Tax on Profit	6	**29,534**	**27.71**	88,000	79.30
Profit for the Financial Year		**108,685**	**101.97**	531,356	478.80

The notes form part of these financial statements

Exchange rate : as at 31 March 2020 is £= Rs 93.82

Exchange rate : as at 31 March 2019 is £= Rs 90.11

Statement of Changes in Equity For the year ended 31 March 2020

	Called Up Share Capital		**Retained Earnings**		**Total Equity**	
	£	**Rs Lacs**	**£**	**Rs Lacs**	**£**	**Rs Lacs**
Balance at 1 April 2018	200,000	187.64	5,099,163	4,783.93	5,299,163	4,971.57
Change in Equity:						
Total comphrensive income	–	–	531,356	498.51	531,356	498.51
Balance at 31 March 2019	200,000	187.64	5,630,519	5,282.44	5,830,519	5,470.08
Changes in Equity:						
Total comphrensive income	–	–	108,685	101.97	108,685	101.97
Balance at 31 March 2020	200,000	187.64	5,739,204	5,384.41	5,939,204	5,572.04

Other Comprehensive Income for the year ended 31 March 2020

		2020		2019	
	Notes	**£**	**Rs Lacs**	£	Rs Lacs
Profit for the Year		108,685	101.97	531,356	478.80
Other Comprehensive Income		–	–	–	–
Total Comprehensive Income For The Year		**108,685**	**101.97**	531,356	478.80

Balance Sheet as at 31 March 2020

		2020		2019	
	NOTE	**£**	**Rs Lacs**	£	Rs Lacs
Fixed assets					
Property, Plant and Equipment	7	**4,233**	**3.97**	3,852	3.47
Current assets					
Inventories	8	**405,935**	**380.84**	272,823	245.84
Debtors	9	**4,213,135**	**3,952.68**	5,923,397	5,337.54
Cash at bank and in hand		**1,929,788**	**1,810.49**	1,641,128	1,478.81
		6,548,858	**6,144.00**	7,837,348	7,062.18
Creditors:					
Amounts falling due within one year	10	**(613,121)**	**(575.22)**	(2,010,681)	(1,811.81)
Net current assets		**5,935,737**	**5,568.79**	5,826,667	5,250.37
Total assets less current liabilities		**5,939,970**	**5,572.76**	5,830,519	5,253.84
Provision for liabilities	12	**766**	**0.72**	–	–
Net Assets		**5,939,204**	**5,572.04**	5,830,519	5,253.84
Capital and reserves					
Called up share capital	13	**200,000**	**187.64**	200,000	180.22
Retained Earnings	14	**5,739,204**	**5,384.41**	5,630,519	5,073.62
Shareholders' funds		**5,939,204**	**5,572.04**	5,830,519	5,253.84

The financial statements were approved by the Board of Directors on 5 May, 2020 and were signed on its behalf by:

Sandeep Mandke

Director

Cash Flow Statement for the year ended 31 March 2020

		2020		2019	
	NOTE	**£**	**Rs Lacs**	£	Rs Lacs
Cash flow from operating activities					
Cash generated from operations	1	**316,128**	**296.58**	573,021	516.35
Interest Paid		–	–	(72)	(0.06)
Tax Paid		**(63,928)**	**(59.98)**	(145,038)	(130.69)
Net cash from operating activities		**252,200**	**236.61**	427,911	385.59
Cash flow from investing activities					
Purchase of tangible fixed asset		**(2,700)**	**(2.53)**	(3,000)	(2.70)
Interest received		**25,254**	**23.69**	19,197	17.30
Sale of tangible fixed assets		**583**	**0.55**	–	–
Net cash from investing activities		**23,137**	**21.71**	16,197	14.60
Cash flow from financing activities					
New loans in year		**1,322,422**	**1,240.67**	(1,309,099)	(1,179.62)
Loan repayment in year		**(1,309,099)**	**(1,228.17)**	132,381	119.29
Net cash from financing activities		**13,323**	**12.50**	(1,176,718)	(1,060.33)
(Decrease)/Increase in cash and cash equivalents		**288,660**	**270.82**	(732,610)	(660.15)
Cash and cash equivalents at the beginning of the year	2	**1,641,128**	**1,539.67**	2,373,738	2,138.96
Cash and cash equivalents at the end of the year	2	**1,929,788**	**1,810.49**	1,641,128	1,478.81

Notes to the Cash Flow statement for the year ended 31 March 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	**138,219**	619,356
Depreciation charges	**2,307**	1,416
Profit on disposal of fixed assets	**(571)**	–
Miscellaneous	**–**	(1)
Finance costs	**–**	72
Finance income	**(25,254)**	(19,197)
	114,701	601,646
(Increase)/decrease in inventories	**(133,112)**	981,929
Decrease/(increase) in trade and other debtors	**1,573,087**	(1,130,354)
(Decrease)/increase in trade and other creditors	**(1,238,548)**	119,800
Cash generated from operations	**316,128**	573,021

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 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	**1,929,788**	1,641,128

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	**1,641,128**	2,373,738

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	1,641,128	288,660	**1,929,788**
	1,641,128	288,660	**1,929,788**
Total	1,641,128	288,660	**1,929,788**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	**312,614**	318,598
Social security costs	**35,137**	35,737
Other pension costs	**12,718**	9,042
	360,469	363,377

The average number of employees during the year was as follows:

	2020	2019
Director	**2**	2
Administration	**8**	8
	10	10

	2020	2019
	£	£
Directors' remuneration	-	-

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	**11,870**	11,478
Depreciation - owned assets	**2,307**	1,415
Profit on disposal of fixed assets	**(571)**	–
Auditors' remuneration	**8,490**	4,050
Foreign exchange differences	**(97,095)**	108,206

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other interest	–	72

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	**28,768**	88,000
Deferred tax	**766**	–
Tax on profit	**29,534**	88,000

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	**138,219**	619,356
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	**26,262**	117,678
Effects of:		
Expenses not deductible for tax purposes	–	104
Capital allowances in excess of depreciation	**(191)**	(352)
Bad debt provision	**2,697**	(29,430)
Deferred tax	**766**	–
Total tax charge	**29,534**	88,000

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1 April 2019	3,346	6,576	21,270	31,192
Additions	478	90	2,132	2,700
Disposals	(3,093)	(285)	(10,141)	(13,519)
At 31 March 2020	731	6,381	13,261	20,373
DEPRECIATION				
At 1 April 2019	3,257	6,196	17,887	27,340
Charge for year	91	198	2,018	2,307
Eliminated on disposal	(3,089)	(285)	(10,133)	(13,507)
At 31 March 2020	259	6,109	9,772	16,140
NET BOOK VALUE				
At 31 March 2020	472	272	3,489	4,233
At 31 March 2019	89	380	3,383	3,852

8. INVENTORIES

	2020	2019
	£	£
Stocks	**405,935**	272,823

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	**2,071,204**	3,379,773
Amounts owed by group undertakings	**852,050**	820,614
Loans & Advances to Associates	**1,222,423**	1,309,099
Other Debtors	**4,028**	405,365
Tax	**21,294**	–
VAT	**28,206**	–
Prepayments	**13,930**	8,546
	4,213,135	5,923,397

Other debtors comprise amounts recoverable for costs in relation to technical delays on a specific order. The full balance is expected to be settled.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**23,819**	21,364
Amounts owed to group undertakings	**11,058**	1,414,328
Tax	**–**	13,866
Social security and other taxes	**12,910**	13,021
VAT	**–**	9,722
Customer Advance Payments	**307,281**	248,751
Accrued expenses	**258,053**	289,629
	613,121	2,010,681

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	**12,080**	13,138
Between one and five years	**4,266**	11,250
	16,346	24,388

12. PROVISIONS FOR LIABILITIES

Allotted, issued and fully paid:

	2020 £	2019 £
Deferred tax	**766**	–

	Deferred tax
	£
Provided during year	766
Balance at 31 March 2020	**766**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2020 £	2019 £
200,000	Ordinary		**200,000**	200,000

14. RESERVES

	Retained earnings
	£
At 1 April 2019	5,630,519
Profit for the year	108,685
At 31 March 2020	**5,739,204**

15. RENTALS OUTSTANDING

Year	2020	2019
Due within 1 year	**8,608**	18,102
Due in more than 1 year and less than 5	**5,925**	4,499

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 £659,165 (2019:£214,530) from Thermax Limited.

During the year Thermax Europe Limited made sales amounting to £90,181 (2019: £372,357) to Danstoker A/S.

Purchases were made in the year from Thermax Limited of £3,607,163 (2019: £2,792,258), Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) of £ Nil (2019: £732,281), Danstoker A/S £2,424 (2019: £7,880), Danstoker SP Z.O.O £Nil (2019: £918) and Rifox-Hans Richter Gmbh £166,100 (2019: £135,630).

At 31/03/2020 Thermax Europe Limited was owed £478,748 (2019: £198,912) from Thermax Limited and £373,302 (2019: £621,702) from Danstoker A/S.

Thermax Europe Limited also owed £1,761 (2019:£1,414,328) to Thermax Limited and £9,297 (2019:£Nil) to Danstoker A/S.

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China), ceased trading in September 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%. One repayment of 150,000 Euros was made against this during the financial year. The closing balance as at 31/03/2020 owed to Thermax Europe Limited was 1,350,000 Euros (£1,184,211).

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 on 12-Jan-17)
Mr Amitabha Mukhopadhyay
(Resigned on 31-May-19)
Mr Shailesh Bhalchandra Nadkarni
(Resigned on 24-Sept-19)
Ms Farhana Alimohamed
(Appointed on 23-Jan-15)
Mr Nundan Sharma Doorgakant
(Appointed on 23-Jan-15)
Mr Rajendran Arunachalam
(Appointed on 22-Aug-19)

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 2020

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 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding and investing in the sectors involved in the manufacturing and supplying of industrial equipment based in Energy and environmental management.

RESULTS AND DIVIDENDS

Details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

The directors do not recommend the payment of a dividend for the period under review.

DIRECTORS

The present membership of the Board is given as above.

DIRECTORS’ RESPONSIBILITIES WITH 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 2020.

for **Anex Management Services Ltd**
Corporate secretary

Date: 8 May 2020

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF THERMAX INTERNATIONAL LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of THERMAX INTERNATIONAL LIMITED, (the "Company"), which comprise of the statement of financial position at 31 March 2020, 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 8 to 23 give a true and fair view of the financial position of the Company 31 March 2020, 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditors' Report Thereon ("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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and comply with the requirements or the Mauritius Companies Act 2001, and 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.

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 have realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- 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: 8 May 2020

THERMAX INTERNATIONAL LIMITED

Statement of Financial Position as at 31 March 2020

PARTICULARS	Notes	2020		2019	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Non-current assets					
Investments	6	**834,298**	**630.31**	737,345	509.87
		834,298	**630.31**	737,345	509.87
Current assets					
Trade & other receivables		**1,662**	**1.26**	1,612	1.11
Cash and cash equivalent	7	**824,229**	**622.71**	835,036	577.43
Other receivables	8	**31,745**	**23.98**	475	0.33
		857,636	**647.94**	837,123	578.87
Total assets		**1,691,934**	**1,278.26**	1,574,468	1,088.74
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	9	**3,442,300**	**2,600.66**	3,442,300	2,380.35
Accumulated losses		**(1,762,438)**	**(1,331.52)**	(1,873,507)	(1,295.53)
		1,679,862	**1,269.14**	1,568,793	1,084.82
Current liabilities					
Accounts payable	10	**9,325**	**7.05**	5,675	3.92
Tax Liability	5	**2,747**	**2.08**	–	–
		12,072	**9.12**	5,675	3.92
Total equity and liabilities		**1,691,934**	**1,278.26**	1,574,468	1,088.74

Approved by the Board on 8th May 2020 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 2020

PARTICULARS	Notes	2020		2019	
		USD	Rs Lacs	USD	Rs Lacs
INCOME					
Dividend		**134,385**	**101.53**	–	–
Interest		**4,131**	**3.12**	–	–
		138,516	**104.65**	–	–
EXPENSES					
Management Fees		**3,500**	**2.64**	3,499	2.42
Licence Fees		**2,480**	**1.87**	2,630	1.82
Bank charges		**4,225**	**3.19**	2,829	1.96
Audit Fees		**2,000**	**1.51**	2,800	1.94
Accountancy Fees		**2,675**	**2.02**	2,750	1.90
Professional Fees		**8,770**	**6.63**	2,600	1.80
Taxation Fees		**1,000**	**0.76**	1,000	0.69
Disbursements Fees		**50**	**0.04**	30	0.02
		24,700	**18.66**	18,138	12.54
(Loss)/Profit before taxation		**113,816**	**85.99**	(18,138)	(12.54)
Taxation	5	**2,747**	**2.08**	–	–
Profit/(Loss) for the year		**111,069**	**83.91**	(18,138)	(12.54)
Other Comprehensive Income:					
Items that will not be reclassified subsequently to profit & loss		–	–	–	–
Items that will be reclassified subsequently to profit & loss		–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the year		**111,069**	**83.91**	(18,138)	(12.54)

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 75.55
Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15
The notes on page 12 to 23 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2018	3,442,300	2,380.35	(1,855,369)	(1,282.99)	1,586,931	1,097.36
Profit 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
Balances at 1st April 2019	3,442,300	2,600.66	(1,873,507)	(1,415.43)	1,568,793	1,185.22
Profit for the year	-	-	111,069	83.91	111,069	83.91
Balances as at 31st March 2020	**3,442,300**	**2,600.66**	**(1,762,438)**	**(1,331.52)**	**1,679,862**	**1,269.14**

Statement of Cash Flows for the year ended 31 March 2020

PARTICULARS	2020		2019	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
(Loss)/Profit for the year	**111,069**	**83.91**	(18,138)	(12.54)
Adjustment for:				
Increase/ decrease in receivables and prepayments	**(50)**	**(0.04)**	(31)	(0.02)
(Increase)/ Decrease in accounts payables	**6,397**	**4.83**	(8,143)	(5.63)
Net cash from operating activities	**117,416**	**88.71**	(26,312)	(18.19)
Cash flows from investing activities				
Dividend received	–	–	315,247	217.99
Loan receivable	**(31,270)**	**(23.62)**	–	–
Investment in subsidiary	**(96,953)**	**(73.25)**	(41,322)	(28.57)
Net cash outflow from investing activities	**(128,223)**	**(96.87)**	273,925	189.42
Net Increase/(Decrease) in cash and cash equivalents	**(10,807)**	**(8.16)**	247,613	171.22
Cash and cash equivalents at beginning of the year	**835,036**	**630.87**	587,423	406.20
Cash and cash equivalents at end of year	**824,229**	**622.71**	835,036	577.43
Cash and cash equivalents made up of:				
Cash in hand	**67**	**0.05**	67	0.05
Bank balance	**824,162**	**622.65**	834,969	577.38
	824,229	**622.71**	835,036	577.43

NOTES OF THE FINANCIAL STATEMENTS FOR THE YEAR FROM 31 MARCH 2020

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 investing in the sectors involved in the manufacturing and supplying of industrial equipment based in Energy and environmental management.

The 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 year beginning on 01 April 2019.

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 year beginning on 01 April 2019:

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)
IAS 19	Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

Management has assessed the impact of these new and revised standards and interpretation and concluded that none of them have an impact on these financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards and amendments to existing standards 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 year beginning after the effective date of the pronouncements. Information on new standards and amendments to existing standards is provided below.

IFRS 17	Insurance Contracts
IFRS 3	IFRS 3 Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)

Management has yet to assess the impact of the above standards and amendments 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 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.

Classification and subsequent measurement of financial assets

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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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 probable 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.

Deferred tax liabilities are generally recognised in full.

3.10 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.

3.11 Set up costs

Set up costs are expensed in the period in which they are incurred.

3.12 Expense recognition

All expenses are accounted for on an accrual basis.

3.13 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.

3.14 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.

3.15 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 3.3, the directors have made the following judgements that have the most significant effect on the amounts recognized in the financial statements: -

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 3.5, 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%.

A reconciliation of the theorical tax charge that would arise using the tax rate applicable to the profits of the Company to the tax charge is presented below:

	31 March 2020	31 March 2019
	USD	USD
Profit before taxation	113,816	(18,138)
Add: Unauthorised deduction		
Penalty	20	–
Less: Exempt Income		
Interest income	(4,131)	–
Profit adjusted for tax purpose	109,705	(18,138)
Loss brought forward	(18,138)	–
Taxable profit	91,567	–
Tax for the year calculated @ 15%	13,735	–
Deemed tax credit of 80%	(10,988)	–
Tax charge for the period	2,747	–

6. Investment in subsidiaries

	31 March 2020	31 March 2019
	USD	**USD**
Investment at start	737,345	696,023
Additions during the year	97,583	41,322
Investment at end	834,928	737,345

Name of entity	Country of incorporation	% Holding	Carrying amount 2020	Carrying amount 2019
Thermax Senegal SARL	SENEGAL	100%	195,250	195,250
Thermax Inc. PT Thermax	U. S. A	100%	500,000	500,000
Thermax Indonesia	INDONESIA	0.005%	773	773
Thermax Nigeria Ltd	NIGERIA	99.9996%	138,275	41,322
			834,298	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 2020.

7. Cash and cash equivalent

	31 March 2020	31 March 2019
	USD	**USD**
Cash in hand	67	67
Bank	824,162	834,969
	824,229	835,036

8. Other receivables

	31 March 2020	31 March 2019
	USD	**USD**
Deposit	475	475
Receivable from subsidiary	31,270	–
	31,745	475

Payments were made on behalf of the subsidiary namely Thermax Senegal SARL for an amount of USD 31,270 as at 31 March 2020 and same has been treated as receivables.

9. Stated capital

	31 March 2020	31 March 2019
	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

10. Trade and other payables

	31 March 2020	31 March 2019
	USD	USD
Accruals	9,325	5,675

11. 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 2020	Financial liabilities 2020	Financial assets 2019	Financial liabilities 2019
	USD	**USD**	**USD**	**USD**
Senegal XOF	195,250	-	195,250	-
Indonesian Rupiah	773	-	773	-
United States Dollars	1,355,974	12,072	1,335,511	5,675
Nigeria Naira	138,275	-	41,322	-
	1,690,272	12,072	1,572,856	5,675

(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 2020**		
Accruals	**Less than 1 year**	**Over 1 year**	**Total**
	USD	**USD**	**USD**
Accruals	12,072	-	12,072

Liabilities	**31 March 2019**		
Accruals	**Less than 1 year**	**Over 1 year**	**Total**
	USD	**USD**	**USD**
Accruals	5,675	-	5,675

(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 2020 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 2020, hence does not have any capital risk.

12. Ultimate holding company

Holding company: Thermax Limited (India).

Ultimate holding company: RDA Holdings Private Limited.

13. Event after reporting date

There has been no material event after reporting date, which would require disclosure or adjustment to the year ended 31 March 2020 financial statements.

THERMAX INC.

Board of Directors	*Registered Office*	*Auditors*
Mr. B. Venkatesh	16200, Park Row, Suite 190	Plante & Moran, PLLC
Mr. Dinesh Mandhana	Houston, Texas 77084	27400 Northwestern Highway
Mr. Rajendran Arunachalam		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, 2020 and 2019 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, 2020 and 2019 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.

Emphasis of Matter

As described in Note 3 to the financial statements, Thermax Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (*Topic 842*), and ASU No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*), as of April 1, 2019. ASU No. 2016-02 requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. ASU No. 2014-09 provides a principles- based framework for recognizing revenue and requires enhanced disclosures. Our opinion is not modified with respect to these matters.

April 30, 2020

Balance Sheets March 31, 2020 and 2019

	2020		2019	
ASSETS	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT ASSETS				
Cash And Cash Equivalents	**42,05,810**	**3,175.39**	39,61,933	2,739.68
Accounts Receivable				
Trade accounts receivable	**29,68,045**	**2,240.87**	28,70,751	1,985.12
Trade receivable from related parties (Note 7)	**1,29,870**	**98.05**	3,71,776	257.08
Inventory (Note 5)	**26,38,395**	**1,991.99**	27,09,581	1,873.68
Other Current Assets:				
Accrued interest income	**5,709**	**4.31**	-	-
Refundable Tax	**1,90,233**	**143.63**	74,626	51.60
Deferred Tax Assets (Note 9)	**1,36,000**	**102.68**	1,28,000	88.51
Other Current Assets	**1,09,357**	**82.56**	82,633	57.14
Total Current Assets	**1,03,83,419**	**7,839.48**	1,01,99,300	7,052.82
Leased Assets - Operating lease	**1,62,143**	**122.42**	-	-
Property And Equipment, Net (Note 4)	**43,748**	**33.03**	50,096	34.64
Total Assets	**1,05,89,310**	**7,994.93**	1,02,49,396	7,087.46

See notes to financial statements

	2020		2019	
LIABILITIES AND STOCKHOLDER'S EQUITY	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**1,06,607**	**80.49**	2,42,799	167.90
Trade payables to related parties (Note 7)	**19,65,903**	**1,484.26**	22,65,177	1,566.37
Short term liabilities	**60,563**	**45.73**	-	-
Accrued and other current liabilities:				
Provision for warranty and start-up costs (Note 9)	**1,95,750**	**147.79**	1,71,850	118.83
Customer Deposits and advances	**5,11,915**	**386.50**	3,16,492	218.85
Other Current Liabilities	**1,60,181**	**120.94**	3,21,200	222.11
Total Current Liabilities	**30,00,919**	**2,265.69**	33,17,518	2,294.06
Long-term Lease liability - Net of current position (Note 8)	**1,04,060**	**78.57**	-	-
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**5,00,000**	**377.50**	5,00,000	345.75
Retained Earnings	**69,84,331**	**5,273.17**	64,31,878	4,447.64
Total Stockholder's Equity	**74,84,331**	**5,650.67**	69,31,878	4,793.39
Total Liabilities And Stockholder's Equity	**1,05,89,310**	**7,994.93**	1,02,49,396	7,087.46

THERMAX INC.

Statement of Operations for the years ended March 31, 2020 and 2019

	2020		2019	
	USD	**Rs Lacs**	USD	Rs Lacs
Revenue				
Operating Revenues	**1,82,08,863**	**13,747.69**	1,83,54,438	12,692.09
Other Revenues	**1,56,001**	**117.78**	2,29,641	158.80
Total Revenue	**1,83,64,864**	**13,865.47**	1,85,84,079	12,850.89
Costs of Revenue -Production	**1,49,87,702**	**11,315.72**	1,43,04,297	9,891.42
Gross Profit	**33,77,162**	**2,549.76**	42,79,782	2,959.47
Selling General and Administrative Expenses	**26,56,169**	**2,005.41**	24,65,317	1,704.77
Income- Before income taxes	**7,20,993**	**544.35**	18,14,465	1,254.70
Income Tax Expense (Note 9)	**1,68,540**	**127.25**	4,33,248	299.59
Net Income	**5,52,453**	**417.10**	13,81,217	955.11

Exchange Rate : as at 31 March 2020 is 1 US $ = Rs 75.5

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15

See notes to financial statements

Statement of Cash flows for the years ended March 31, 2020 and 2019

Particulars	2020		2019	
	USD	**Rs Lacs**	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**5,52,453**	**417.10**	13,81,217	955.11
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**11,829**	**8.93**	8,460	5.85
Loss on disposal of assets	**659**	**0.50**	–	–
Bad debt expense	**1,81,800**	**137.26**	37,847	26.17
Amortisation of right of use asset	**75,881**	**57.29**	–	–
Deferred Income Taxes	**(8,000)**	**(6.04)**	(16,000)	(11.06)
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	**(2,79,094)**	**(210.72)**	(11,16,956)	(772.38)
Accounts receivable - Related parties	**2,41,906**	**182.64**	(1,20,978)	(83.66)
Inventory	**71,186**	**53.75**	(5,51,504)	(381.37)
Other Assets	**(1,48,040)**	**(111.77)**	86,725	59.97
Accounts payable	**(1,36,192)**	**(102.82)**	1,20,664	83.44
Accounts payable- Related Parties	**(2,99,274)**	**(225.95)**	3,57,060	246.91
Customer advances	**1,95,423**	**147.54**	1,15,304	79.73
Provision for warranty and start-up costs	**23,900**	**18.04**	(32,650)	(22.58)
Other liabilities	**(1,61,019)**	**(121.57)**	(18,436)	(12.75)
Lease liability	**(73,401)**	**(55.42)**	–	–
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**2,50,017**	**188.76**	2,50,753	173.40
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(6,140)**	**(4.64)**	(37,298)	(25.79)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(6,140)**	**(4.64)**	(37,298)	(25.79)
NET INCREASE IN CASH & CASH EQUIVALENTS	**2,43,877**	**184.13**	2,13,455	147.60
Cash & cash Equivalents - Beginning of year	**39,61,933**	**2,991.26**	37,48,478	2,592.07
Cash & cash Equivalents - End of year	**42,05,810**	**3,175.39**	39,61,933	2,739.68
Supplemental Cash Flow Information - Cash paid for Income Taxes	**2,41,560**	**182.38**	3,74,530	258.99

See notes to financial statements

Exchange Rate : as at 31 March 2020 is 1 US $ = Rs 75.5

Exchange Rate : as at 31 March 2019 is 1 US $ = Rs 69.15

Statement of Stockholder's Equity years ended March 31, 2020 and 2019

Particulars	**Common Stock**		**Retained Earnings**		**Total**	
	USD	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Balance - April 1, 2018	5,00,000	377.50	50,50,661	3,813.25	55,50,661	4,190.75
Net Income		–	13,81,217	1,042.82	13,81,217	1,042.82
Balance - March 31, 2019	5,00,000	377.50	64,31,878	4,856.07	69,31,878	5,233.57
Net Income	–	–	5,52,453	417.10	5,52,453	417.10
Balance - March 31, 2020	5,00,000	377.50	69,84,331	5,273.17	74,84,331	5,650.67

Notes to Financial Statements

March 31, 2020 and 2019

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 and chemicals 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. The Company operates out of corporate offices in Houston, Texas.

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.

Credit Risk and Major Customers

The Company's energy business segment includes sales to a single customer of $868,990 and $1,413,699 during the years ended March 31, 2020 and 2019, respectively. Accounts receivable from this customer totaled $40,283 and $14,614 at March 31, 2020 and 2019, respectively.

The Company's chemical business segment includes sales to a single customer of $5,448,443 and $3,562,009 for the years ended March 31, 2020 and 2019, respectively. Accounts receivable from this customer totaled $1,232,000 and $705,089 at March 31, 2020 and 2019, respectively. The chemical business segment also includes sales to another single customer of $1,552,704 and $3,212,772 for the years ended March 31, 2020 and 2019, respectively. Accounts receivable from this customer totaled $0 at both March 31, 2020 and 2019.

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, 2020 and 2019 were $44,737 and $21,737, 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.

For the purpose of the accompanying financial statements, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount reported on the balance sheet for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

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 $248,050 and $66,250 at March 31, 2020 and 2019, respectively.

Inventory

Inventory consists of product purchased 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 April 30, 2020, which is the date the financial statements were available to be issued.

Impact of Disease Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the financial statements, the Company's operations have not been significantly impacted, but the Company continues to monitor the situation. No impairments were recorded as of the balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Company's results of operations, cash flows, and financial condition could be impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 3 - Adoption of New Accounting Pronouncements

As of April 1, 2019, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). 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 Company 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 Company adopted the new standard using the modified retrospective method to all contracts effective April 1, 2019 and is using a portfolio approach to group contracts with similar characteristics. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of retained earnings at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in retained earnings was recorded, as the adoption of ASU did not significantly impact the Company's reported historical revenue. There was no significant impact on the amount of revenue recognized from contracts with customers for the year ended March 31, 2020 as a result of adopting the new guidance.

Additionally, also as of April 1, 2019, the Company adopted FASB ASU No. 2016-02, Leases (Topic 842). The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Company adopted the new standard using the modified retrospective method to all leases effective April 1, 2019. Modified retrospective adoption requires companies to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of retained earnings at the date of initial application.

As a result of the adoption of the ASU, the Company recorded a right-of-use asset and a lease liability of $226,132 as of April 1, 2019 for existing operating leases. There was no impact on retained earnings as a result of adopting the new ASU.

Note 4 - Revenue Recognition

The Company generates revenue from contracts with customers through the sale of absorption chillers to customers in North America and ion exchange resins and chemicals primarily in North America.

The Company's typical contract terms for the sale of absorption chillers are memorialized in purchase orders. The typical contract calls for delivery of the chiller to the designated customer site and startup. Any ongoing requirement for maintenance of the chillers after startup is negotiated as a separate customer contract when needed, which may not be at the time the chiller is purchased.

From time to time, the Company may sell spare parts to its customers under separately negotiated customer contracts. Spare parts sold to customers are recognized when control transfers to the customer under the customer contract.

The Company's typical contract terms for the sale of ion exchange resins are memorialized in purchase orders. In most of the contracts, Customers will pick up resins from one of the storage warehouses. In certain circumstances, contracts call for delivery of a specific type and quantity of resin to the customer location. In other cases, containers of ion exchange resins imported from the factory are delivered direct to customer locations.

The most significant economic factor affecting the nature, amount, timing, and uncertainty of the Company's revenue and cash flows pertains to the type of customers for sale of the Company's absorption chillers. The Company's revenue per customer in this segment is significant. As a result, the credit quality of the customer may have a significant impact on the risks associated with this revenue stream.

During the years ended March 31, 2020 and 2019, the Company recognized revenue from contracts with customers as follows:

		2020		2019
Absorption chillers	$	**4,034,624**	$	4,077,048
Absorption chillers - Services/maintenance		**42,040**		75,545
Absorption chillers - Spare parts		**128,812**		80,812
Ion exchange resins		**14,003,387**		14,121,033
Total revenue from contracts with customers	$	**18,208,863**	$	18,354,438

The Company's revenue from the sale of absorption chillers includes revenue for startup services. Revenue for startup services for the years ended March 31, 2020 and 2019 are $112,350 and $98,850, respectively.

The Company recognized impairment losses on its trade receivables of $181,800 and $37,847, respectively.

For the absorption chillers revenue stream, the Company has performance obligations for the delivery of the chiller and the subsequent startup of the chiller. The performance obligation for the delivery of chillers are recognized at a point in time. The performance obligation for sale of spare parts are also recognized at a point in time. The Company has evaluated the factors to determine when the customer obtains control over the chiller and the spare parts sold and has concluded that control transfers when the risk of ownership has transferred. In most cases, this is upon delivery to the customer site, as the Company typically bears the risk of loss for goods in transit.

The startup service and maintenance performance obligations are recognized over time. The Company has evaluated the factors to determine when the customer obtains control over the service being rendered and has concluded that control transfers as the work is performed by the Company's technicians. For startup service and for maintenance performance obligation, the measure of progress is completion of activity per the terms of the service contract. The measure of progress is actual costs incurred, including salaries and fringe benefits, and travel and other out-of-pocket costs incurred.

For the ion exchange resins revenue stream, the Company has performance obligations for the delivery of the resins. The delivery performance obligation is recognized at a point in time. The Company has evaluated the factors to determine when the customer obtains control over the resins and has concluded that control transfers when the risk of ownership has transferred. In most cases, this is upon pickup by the customer and in a few cases by delivery to the customer site, as the Company typically bears the risk of loss for goods in transit.

Payment for goods and services sold by the Company is typically due within 30 days after an invoice is sent to the customer. Invoices for goods are typically sent to customers within three calendar days of delivery. Invoices for services performed over time are typically sent to customers on the completion of service by the Company's service personnel.

The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date. Related to the Company's customer contracts for the sale of absorption chillers and occasionally for sale of ION exchange resins, the Company, in some cases, bills its customers and collects cash prior to the satisfaction of the performance obligation, which results in the Company recognizing contract liabilities. These payments are effectively down payments from its customers. These contract liabilities are recorded as customer deposits and advances on the balance sheet. Customer advances totaled $511,915 and $316,492 as of March 31, 2020 and 2019, respectively.

For startup services associated with the sale of the Company's absorption chillers, the amount of consideration to which the Company will be entitled is included in the total contract price and is not separately stated. Under some of the contracts, consideration/payment is contingent on the successful performance of the promised service. The Company estimates and accrues costs it expects to incur to complete startup of each absorption chiller it delivers. As startup services are rendered and actual costs are incurred, the startup accrual is reduced, with any final adjustments recorded when the performance obligation is complete. None of the Company's contracts have a significant financing component.

The Company offers no warranties related to the sale of its products. Any warranties on the absorption chillers are offered by and the obligation of the manufacturer (Thermax Ltd.). In most cases, consideration paid for products and services that customers purchase from the Company is nonrefundable. Therefore, at the time revenue is recognized, the Company does not estimate expected refunds for services, nor does the Company exclude any such amounts from revenue.

The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes).

To determine the transaction price of a contract, the Company considers the terms of the contract and its customary business practices. For the purpose of determining transaction prices, the Company assumes that the goods or services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified.

Most of the Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars and payable in cash. A majority of the transaction price is allocated to chiller delivery, while the Company allocates a portion of the transaction price to the startup performance obligation equal to its anticipated direct costs for providing this service. The basis for this allocation is that the margin the Company is entitled to keep is related to the delivery of the chiller. The startup, while a separate performance obligation, does not have value that is contemplated in the contract price beyond the direct costs incurred by the Company.

The Company has elected all available and relevant practical expedients in its application of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. These include but are not limited to (1) recognition of the incremental costs of obtaining contracts as expenses when incurred and (2) treatment of shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment costs rather than an additional promised service.

Note 5 - Inventory

Inventory, net of reserves, at March 31, 2020 and 2019 consists of the following:

		2020		2019
Traded goods - Ion exchange resins and spare parts	$	**1,011,176**	$	625,052
Goods in transit - Ion exchange resins and chemicals		**1,234,219**		1,009,829
Goods in transit - Chillers		**393,000**		1,074,700
Total inventory	$	**2,638,395**	$	2,709,581

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. At March 31, 2020 and 2019, net inventory valued at $1,011,176 and $625,052, respectively, was located at outside warehouses.

At March 31, 2020 and 2019, the Company maintained a reserve for inventory obsolescence of $72,388 and $72,388, respectively.

Note 6 - Property and Equipment

Property and equipment at March 31, 2020 and 2019 are summarized as follows:

		2020		2019
Office equipment	$	**48,847**	$	45,226
Furniture and fixtures		**35,045**		35,045
Leasehold improvements		**9,379**		9,379
Total cost		**93,271**		89,650
Accumulated depreciation		**49,523**		39,554
Net property and equipment	$	**43,748**	$	50,096

Depreciation expense was $11,829 and $8,460 for the years ended March 31, 2020 and 2019 respectively.

Note 7 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Accounts Receivable

At March 31, 2020 and 2019, the Company had accounts receivable from related parties totaling $129,870 and $371,776, respectively, related to expenses paid by the Company on behalf of the related parties.

Accounts Payable

At March 31, 2020 and 2019, the Company had accounts payable to related parties totaling $1,965,903 and $2,265,177, respectively.

Purchases

For the years ended March 31, 2020 and 2019, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $12,927,947 and $13,389,267, respectively.

Note 8 - Leases

The Company is obligated under operating leases primarily for office space and vehicles, expiring at various dates through November 2022. The right-of-use asset and related lease liability have been calculated using a discount rate of 3.92 percent. The leases require the Company to pay taxes, insurance, utilities, and maintenance costs.

The Company has made a policy election to not separate lease and non-lease components for its operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Future minimum annual commitments under these operating leases are as follows:

Years Ending March 31		Amount
2021	$	60,563
2022		64,362
2023		41,429
Total		166,354
Less amount representing interest		1,731
Present value of net minimum lease payments		164,623
Less current obligations		60,563
Long-term obligations under operating leases	$	104,060

Note 9 - Startup Costs

The Company has a policy to record provisions for startup costs related to the sale of vapor absorption chillers under its energy business segment. These provisions are recorded as and when the related revenue is recognized. These provisions are based on the estimates of likely expenses for startup of the chillers, 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.

The Company has accrued $195,750 and $166,850 at March 31, 2020 and 2019, respectively, for estimated chiller startup costs.

Note 10 - Line of Credit

The Company maintains a line of credit that matures on October 31, 2020. At March 31, 2020, advances under the revolving credit line bear interest at a rate of 3.00 percent above the London Interbank Offered Rate (LIBOR) (an effective rate of 3.92 percent at March 31, 2020) or the prime rate plus 0.25 percent (an effective rate of 5.75 percent at March 31, 2020). 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, 2020 and 2019.

The Company has issued a standby letter of credit in the amount of $1,727,000 on behalf of Thermax Ltd. to enable Thermax Ltd. to issue a bank guarantee to its customer. The letter of credit is secured by availability under the Company's line of credit. The letter of credit expire in December 2024.

Note 11 - 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:

		2020		2019
Current income tax expense	$	**176,540**	$	449,248
Deferred income tax (recovery) expense		**(8,000)**		(16,000)
Total income tax expense	$	**168,540**	$	433,248

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

		2020		2019
Income tax expense - Computed at 21 percent of pretax income	$	**151,404**	$	381,038
State income taxes - Net of federal tax benefit		**13,067**		43,079
Nondeductible expenses and adjustments to prior year estimate - Net		**4,069**		9,131
Total income tax expense	$	**168,540**	$	433,248
The details of the net deferred tax asset are as follows:				
Deferred tax assets:				
Warranty reserve	$	**-**	$	1,000
Inventory reserve		**18,000**		18,000
Section 263A		**6,000**		6,000
Accrued bonuses		**8,000**		12,000
Other		**112,000**		101,000
Gross deferred tax assets		**144,000**		138,000
Deferred tax liabilities - Depreciation		**8,000**		10,000
Net deferred tax asset	$	**136,000**	$	128,000

No valuation allowance has been recognized for the deferred tax assets.

The Company files income tax returns in U.S. federal and various state jurisdictions.

With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2016. There are no pending or ongoing tax examinations.

Note 12 - 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, 2020 and 2019, the allocation was 77 percent to the chemical segment and 23 percent to the energy segment. 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, 2020 and 2019:

		2020		2019
Chemical Segment				
Revenue from external customers	$	**14,003,387**	$	14,121,033
Other revenue		**85,161**		221,711
Segment pretax profit		**897,763**		1,917,726
Segment assets		**4,111,520**		3,522,382
Segment liabilities		**1,727,026**		1,365,217
Energy Segment				
Revenue from external customers		**4,205,476**		4,233,405
Other revenue		**70,840**		7,930
Segment pretax loss		**(176,770)**		(103,261)
Segment assets		**1,625,655**		2,530,156
Segment liabilities		**1,192,063**		1,911,059

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2020 and 2019:

		2020		2019
Revenue by Country				
United States	$	**14,964,256**	$	15,963,234
Mexico		**513,000**		-
Canada		**225,066**		280,725
Other		**2,662,542**		2,340,120
Total revenue	$	**18,364,864**	$	18,584,079
Assets				
Total assets for reportable segments	$	**5,737,175**	$	6,052,538
Unallocated amounts		**4,852,135**		4,196,858
Total assets	$	**10,589,310**	$	10,249,396
Liabilities				
Total liabilities for reportable segments	$	**2,919,089**	$	3,276,276
Unallocated amounts		**185,890**		41,242
Total liabilities	$	**3,104,979**	$	3,317,518

Revenue is allocated based on the geographic location of the customers.

Note 13 - 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, 2020 and 2019, the Company made matching contributions totaling $22,962 and $20,378, respectively.

Note 14 - 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. Sandeep Mandke

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, 2020 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, 2020, 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, 28, 2020

THERMAX DO BRASIL - ENERGIA E EQUIPAMENTOS LTDA.

Statement of Income for the year ended March 31, 2020

PARTICULARS	2020		2019	
	BRL	Rs Lacs	BRL	Rs Lacs
GROSS INCOME				
Sale of services	**149,692**	**21.73**	129,709	22.86
	149,692	**21.73**	129,709	22.86
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	**(23,820)**	**(3.46)**	(22,580)	(3.98)
Gross profit	**125,872**	**18.27**	107,129	18.88
OPERATING EXPENSES				
General and administrative expenses	**(75,700)**	**(10.99)**	(89,672)	(15.80)
Financial (expenses)/ income	**(2,479)**	**(0.36)**	(2,677)	(0.47)
Recover - Representative expenses	–	–	14,912	2.63
Provision for Bad Debts	–	–	–	–
	(78,179)	**(11.35)**	(77,437)	(13.65)
Net Profit/Loss before Taxes	**47,693**	**6.92**	29,692	5.23
Revenue/expenses not operational	–	–	–	–
Taxes on income	–	–	–	–
Net Profit/(Loss)	**47,693**	**6.92**	29,692	5.23

Exchange Rate : As at 31 Mar 20 is 1 BRL = Rs 14.52

Exchange Rate : As at 31 Mar 19 is 1 BRL = Rs 17.62

Balance Sheet Year Ended March 31, 2020

PARTICULARS	2020		2019	
	BRL	Rs Lacs	BRL	Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**157.81**	1,087,130	191.59
Accumulated losses	**(788,131)**	**(114.41)**	(835,824)	(147.30)
Total Funds Employed	**298,999**	**43.40**	251,306	44.29
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	–	–	–	–
Less: Depreciation	–	–	–	–
Net Block	–	–	–	–
Current Assets:				
Cash & Banks	**33,501**	**4.86**	12,183	2.15
Trade receivables	**77,113**	**11.19**	74,321	13.10
(-) Provision for doubtful Debts	**(25,284)**	**(3.67)**	(25,284)	(4.46)
Recoverable taxes	**11,743**	**1.70**	11,743	2.07
Account Receivable (Intercompany)	**222,565**	**32.31**	203,323	35.83
(-) Provision for losses	(10,941)	(1.59)	(10,941)	(1.93)
	308,697	**44.81**	265,345	46.76
Less : Current Liabilities & Provisions :				
Accounts payable	–	–	–	–
Taxes payable	**15,377**	**2.23**	17,004	3.00
Other accounts payable	**4,249**	**0.62**	6,963	1.23
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(1.44)**	(9,928)	(1.75)
	9,698	**1.41**	14,039	2.47
Net Current Assets	**298,999**	**43.40**	251,306	44.29
Total Funds Applied	**298,999**	**43.40**	251,306	44.29

Statement of Changes in Quotaholders' Equity

Year Ended March 31, 2020

	Capital		Accumulated losses		Total	
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Balances at April 1, 2019	1,087,130	157.81	(835,824)	(121.33)	251,306	36.48
Funds allocated to capital increase	–	–	–	–	–	–
Net Profit/ (Loss) for the period	–	–	47,693	6.92	47,693	6.92
Balances at March 31, 2020	**1,087,130**	**157.81**	**(788,131)**	**(114.41)**	**298,999**	**43.40**

Statement of Changes in Financial Position

Year ended March 31, 2020

	2020		2019	
Sources	BRL	Rs Lacs	BRL	Rs Lacs
From Operations				
Net Profit/(loss) for the period	**47,693**	**8.41**	29,692	5.23
Expenses (incomes) that do not affect net working capital:				
Depreciation	–	–	–	–
Advance to Capital	–	–	–	–
Total sources	**47,693**	**8.41**	29,692	5.23
Applications	–	–	–	–
Reduction in net working capital	**47,693**	**8.41**	29,692	5.23

Statement of variation in net working capital

	March 31		March 31		Variation	
	2020	2020	2019	2019	2019	2019
	BRL	Rs Lacs	BRL	Rs Lacs	BRL	Rs Lacs
Current Assets	**308,697**	**44.81**	265,345	46.76	43,352	(1.95)
Current Liabilities	**9,698**	**1.71**	14,039	2.47	4,341	0.77
Net working capital	**298,999**	**43.10**	251,306	44.29	**47,693**	**(1.19)**

Notes to the Financial Statements
Year Ended March 31, 2020
(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	**2020**
Accounts receivable	77.112,96
(-)Provision for Doubtful Debts	(25.283,53)
Net accounts receivable	**51.829,43**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

5. **Accounts Receivable - Intercompany**

Description	**2020**
Accounts receivable	222.564,88
Net accounts receivable	**222.564,88**

The amount of R$ 222.564,88 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	**2020**
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	**2020**
PIS	2.103,32
COFINS	8.855,65
ISS – SALES	4.418,08
(-)Reversal – Taxes – Bad Debts	(9.927,66)
Net Taxes and Contributions payable	**5.449,39**

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	**2020**
Rent	1.800,00
Reimbursment – Mr.Felipe	648,68
Audit Fee	1.800,00
TOTAL	**4.248,68**

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$ 149.692,41 as presented below:

DESCRIPTION	**2020**
Services Sales	149.692,41
Net sales	**149.692,41**

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$ 23.820,00, as presented below:

DESCRIPTION	**2020**
ISS - SALES	10.318,96
COFINS – SALES	11.047,62
PIS – SALES	2.453,42
TOTAL	**23.820,00**

12. **Operating Expenses**

The composition of the "Operating Expenses" account is presented below:

DESCRIPTION	**2020**
Rents/Condominium	21.600,00
Accounting Outsourcing	41.600,00
Third Part Services	10.699,97
Auditory	1.800,00
Total	**75.699,97**

13. **Financial (expenses) income**

The balance of the Financial (expenses) income and exchange variation income account is presented below:

DESCRIPTION	**2020**
Bank Expenses	(3.849,26)
Finance Income	4,27
Exchange Variation	1.365,87
Total	**(2.479,12)**

14 . **Identified Contingencies**

There are no identified tax and accounting contingencies for the year ended on March 31, 2020 (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, 28, 2020

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Supervisor

H.P Mohgaonkar

Executive Directors

Mr. V. Balasubramanian

General Manager

Mr. Dinesh Badgandi

Registered Office

Linggongtong road no. 3333 in nahu district of Jiaxing,
Room 401-403, JRC building of Jiaxing technology city.
Post 314000

Auditors

Jiaxing Zhenhe Certified Public Accountant
Jiaxing, China

Bankers

Industrial and Commercial Bank of China
Citi Bank, China

AUDITORS' REPORT

JZHKSZ[2020]NO.1004

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 2019, 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 2019 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 RMB 105,884,184.80. The main business revenue decrease by RMB 44,224,344.33 compared with the same period last year. As 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.

Jiaxing Zhenhe Certified Public Accountants
Certified Public Accountant:Bangqiao Wang
Certified Public Accountant: Shimin Liu

Jiaxing, China
Date: March 11, 2020

Balance Sheet as at 31 December, 2019

PARTICULARS	2019 RMB	2019 Rs Lacs	2018 RMB	2018 Rs Lacs
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	**3,174,071**	**325.35**	7,760,081	784.41
Bill receivable	**166,000**	**17.02**	–	–
Accounts receivable	**4,778,263**	**489.78**	13,225,831	1,336.91
Other receivables	**408,751**	**41.90**	141,707	14.32
Advance to suppliers	**178,556**	**18.30**	629,264	63.61
Inventories	**73,338**	**7.52**	5,270,747	532.78
Other Current Assets	**30,025**	**3.08**	180,141	18.21
TOTAL CURRENT ASSETS	**8,809,005**	**902.94**	27,207,771	2,750.24
NON-CURRENT ASSETS				
Fixed Assets - cost	**68,352**	**7.01**	60,870,603	6,152.98
Less: Accumulated depreciation	**30,585**	**3.14**	39,934,375	4,036.69
Fixed Assets - Net book value	**37,767**	**3.87**	20,936,228	2,116.30
Less : Provision for impairment of fixed assets	**34,350**	**3.52**	–	–
Fixed Assets Net	**3,418**	**0.35**	20,936,228	2116.30
Intangible assets	–	–	5,343,994	540.19
Long-term deferred and prepaid expenses	–	–	–	540.19
TOTAL NON-CURRENT ASSETS	**3,418**	**0.35**	26,280,222	2,656.48
TOTAL ASSETS	**8,812,422**	**903.29**	53,487,992	5,406.73
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Short-term loans	–	–	19,056,532	1,926.29
Accounts payable	**1,169,474**	**119.87**	14,225,113	1,437.92
Advances from customers	–	–	1,394,271	140.94
Accrued Payroll	–	–	316,193	31.96
Taxes payable	**10,860**	**1.11**	19,032	1.92
Other amounts payables	**34,302**	**3.52**	363,608	36.75
Accrued expenses	**4,492,653**	**460.51**	9,542,273	964.56
TOTAL CURRENT LIABILITIES	**5,707,290**	**585.01**	44,917,023	4,540.35
OWNER'S EQUITY				
Paid in capital	**108,989,317**	**11,171.62**	101,948,817	10,305.29
Accumulated losses	**(105,884,185)**	**(10,853.34)**	(93,377,848)	(9,438.91)
TOTAL OWNER'S EQUITY	**3,105,133**	**318.28**	8,570,969	866.38
TOTAL LIABILITIES AND OWNER'S EQUITY	**8,812,422**	**903.29**	53,487,992	5,406.73

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

	Share Capital		Accumulated Losses		Total	
	2019	2019	2019	2019	2019	2019
	RMB	Rs Lacs	RMB	Rs Lacs	RMB	Rs Lacs
Balances at 1 January 2019	101,948,817	10,449.96	(93,377,848)	(9,571.42)	8,570,969	878.54
Profit for the current period	–	–	(12,506,337)	(1,281.92)	(12,506,337)	(1,281.92)
Contribution by the owners	7,040,500	721.67	–	–	7,040,500	721.67
Balances at 31 December 2019	108,989,317	11,171.62	(105,884,185)	(10,853.34)	3,105,133	318.28

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Income Statement for the year ended 31 December, 2019

PARTICULARS	2019		2018	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Revenue from main operations	**3,295,890**	**337.84**	47,520,234	4,803.49
Revenue from other operations	**3,179,549**	**325.91**	2,902,087	293.35
Less : Cost of main operations	**4,128,314**	**423.16**	43,159,216	4,362.66
Cost of other operations	**2,049,896**	**210.12**	745,043	75.31
Taxes and surcharge	**366,106**	**37.53**	215,769	21.81
Operation expenses	**179,212**	**18.37**	3,084,279	311.77
General and administrative expenses	**10,938,020**	**1,121.17**	10,290,502	1,040.19
Financial expenses	**971,661**	**99.60**	883,744	89.33
Operating Profit/loss from operations	**(12,157,770)**	**(1,246.20)**	(7,956,232)	(804.24)
Add: Revenue from subsidies	**11,428**	**1.17**	146,743	14.83
Non-operating revenue	**1,762,064**	**180.62**	2,085	0.21
Less: Non-operating expenses	**2,122,059**	**217.52**	3,946	0.40
Income/Loss before tax	**(12,506,337)**	**(1,281.92)**	7,811,349	(789.59)
Income tax	**–**	**–**	–	–
Net Income/ loss for the year	**(12,506,337)**	**(1,281.92)**	7,811,349	(789.59)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2019 is 1 RMB = Rs 10.25

Exchange rate : as at 31 December 2018 is 1 RMB = Rs 10.11

Cash Flow Statement for the year ended 31 December, 2019

PARTICULARS	2019		2018	
	RMB	**Rs Lacs**	RMB	Rs Lacs
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	**14,123,916**	**1,447.73**	58,887,909	5,952.57
Refund of taxes	**234,245**	**24.01**	2,299,813	232.47
Other cash received relating to operating activities	**109,070**	**11.18**	880,670	89.02
Cash paid for goods & services	**(14,996,101)**	**(1,537.13)**	(41,303,845)	(4,175.12)
Cash paid to & on behalf of employees	**(8,841,200)**	**(906.24)**	(14,667,268)	(1,482.61)
Other cash paid relating to operating activities	**(5,981,289)**	**(613.09)**	(8,663,849)	(875.77)
Net cash used in operating activities	**(15,351,360)**	**(1,573.55)**	(2,566,571)	(259.44)
Less : Payment of all types of taxes	**985,353**	**101.00**	1,876,551	189.69
Net cash used in operating activities	**(16,336,713)**	**(1,674.55)**	(4,443,122)	(449.12)
Cash Flows from Investing activities				
Net cash received from disposal of Fixed Assets, Intangible Assets and other long term assets	**24,746,452**	**2,536.56**	–	–
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	**–**	**–**	(186,927)	(18.90)
Net cash used in investing activities	**24,746,452**	**2,536.56**	(186,927)	(18.90)
Cash Flows from Financing activities				
Cash Received from investors	**7,040,500**	**721.67**	6,909,800	698.46
Cash Received from borrowings	**43,179,855**	**4,426.02**	99,893,821	10,097.57
Repayment of borrowings	**(62,236,387)**	**(6,379.35)**	(97,074,708)	(9,812.60)
Cash paid for distribution of dividends or profits and for interest expenses	**(903,445)**	**(92.60)**	(1,007,422)	(101.83)
Net cash received in financing activities	**12,919,476**	**(1,324.27)**	8,721,491	881.59
Effect of Foreign exchange rate changes on cash and cash equivalents	**(76,273)**	**(7.82)**	(42,729)	(4.32)
Net increase/(decrease) in cash at banks and in hand	**(4,586,010)**	**(470.08)**	4,048,713	409.26
Cash at banks and in hand at beginning of year	**7,760,081**	**795.42**	3,711,367	375.16
Cash at banks and in hand at end of year	**3,174,071**	**325.35**	7,760,081	784.41

Supplemental Information to the Cash Flow Statement for the year ended 31 December, 2019

PARTICULARS	2019		2018	
	RMB	**Rs Lacs**	RMB	Rs Lacs
1. Reconciliation of net profit to cash flows from operating activities				
Net Profit	**(12,506,337)**	**(1,281.92)**	7,811,349	(789.59)
Add: Impairment losses on assets	**2,399,684**	**245.97**	2,959,020	299.11
Depreciation of fixed assets	**1,044,419**	**107.06**	2,928,635	296.04
Amortization of intangible assets	**85,339**	**8.75**	148,160	14.98
Decrease in prepaid expenses	**150,117**	**15.39**	93,989	9.50
Increase in accrued expenses	**(5,049,620)**	**(517.60)**	(6,374,905)	(644.39)
Net loss on disposal of fixed assets	**(1,264,797)**	**(129.64)**	–	–
Loss on retirement of fixed assets	–	–	3,946	0.40
Financial expenses	**903,444**	**92.60**	1,012,598	102.36
Decrease in inventories	**5,197,409**	**532.74**	8,398,755	848.97
Decrease in operating receivables	**8,465,231**	**867.70**	8,016,198	810.30
Increase in operating payables	**(15,761,603)**	**(1,615.60)**	(13,818,168)	(1,396.78)
Net cash flow operating activities	**(16,336,713)**	**(1,674.55)**	(4,443,123)	(449.12)
2. Net change in cash equivalents				
Cash balance at the end of this year	**3,174,071**	**325.35**	7,760,081	784.41
Less: Cash balance at the beginning of the year	**7,760,081**	**795.42**	3,711,367	375.16
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	**(4,586,010)**	**(470.08)**	4,048,713	409.26

NOTES TO THE FINANCIAL STATEMENTS

For the year ended Dec. 31, 2019

(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. Business scope: refrigeration equipment, boilers and waste heat recovery equipment, water and sewage treatment equipment, air purification equipment, electromechanical equipment, parts sales and after-sales service; Engaged in the import and export business of goods and technologies; Commission agent (Except for the auction); Technical development, technical consultation and technical services in the field of general hardware; Enterprise management consulting; Marketing planning, technical consulting in the field of information technology and network technology; Automatic control system installation, maintenance services. The established branches are engaged in production of refrigeration equipment, boilers and waste heat recovery equipment, water and sewage treatment equipment and air purification equipment. (For the projects subject to approval by law can carry out business activities only with the approval of relevant departments).

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. In October 2019, the company’s registered capital increased by USD 1 million, all funded by Thermax Ltd.

As of December 31, 2019, the company’s registered capital is USD $15.47 million, paid-in capital is USD $15.47 million, Thermax Ltd. holds 100% of the company’s equity.

2. Basis for preparation of financial statement

As of December 31, 2019, the company has accumulated losses of RMB 105,884,184.80. The main business revenue decrease by RMB 44,224,344.33 compared with the same period last year, and losses was continued since the opening. The company has considered the ability to generate net cash inflows continually from future operations and the committed financial support by its controlling shareholder (Thermax Ltd) for the company’s going concern. (paid-in capital increased by USD 1million this year). The management is confident that the company will be going concern for 12 months after December 31, 2019. Therefore, the company continues to prepare the financial statements under the assumption of 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 raw materials is assigned using the Moving Average Method, the cost of finished goods and work-in-progress are assigned using the Specific Identification Method 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 13% (the original tax rate was 16%). Tax payable VAT will be the output VAT deduct the input VAT according to regulations. According to the "Announcement on the policy of the VAT deepening reform" (Ministry of Finance, State Administration of Taxation and General Administration of Customs announcement, NO.39, 2019), since April 1st, 2019, the tax payable VAT caused by VAT taxable sales or import goods, the original tax rate of 16% has adjusted to 13% for taxation subjects.

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 FINACIAL STATEMENTS

6.1. Cash and equivalents

Items	2019-12-31			2018-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			4,316.73			22,412.51
RMB			2,223.87			19,427.02
USD	300	6.9762	2,092.86	435.00	6.8632	2,985.49
AUD						
Cash in bank			3,169,754.21			7,737,668.08
RMB			2,560,081.13			5,454,577.92
USD	87,377.23	6.9762	609,561.03	331,383.16	6.8632	2,274,348.90
EUR	–	–	–	1,113.63	7.8473	8,738.99
AUD	22.94	4.8843	112.05	0.47	4.8250	2.27
Total			3,174,070.94			7,760,080.59

6.2. Notes receivable

Type of Notes	**2019-12-31**	2018-12-31
Bank acceptance	**166,000.00**	–
Total	**166,000.00**	–

6.3. Accounts receivable

6.3.1 Age analysis

Account Age	**2019-12-31**			2018-12-31		
	amount	**%**	**Bad debt provision**	amount	%	Bad debt provision
Within 1 year	**1,405,368.79**	**10.32**	**–**	10,334,075.83	46.85	–
1-2 years	**3,774,885.27**	**27.73**	**401,990.72**	1,569,300.00	7.11	57,000.00
Over 2 years	**8,435,102.28**	**61.95**	**8,435,102.28**	10,155,354.04	46.04	8,775,899.00
Total	**13,615,356.34**	**100.00**	**8,837,093.00**	22,058,729.87	100.00	8,832,899.00

6.3.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	136,931.99	6.9762	955,264.95

6.4. Other receivable

6.4.1 Age analysis

Account Age	**2019-12-31**			2018-12-31		
	Amount	**%**	**Bad debt provision**	Amount	%	Bad debt provision
Within 1 year	**345,950.58**	**84.64**	**–**	36,725.99	25.92	–
1~2years	**27,800.00**	**6.80**	**–**	70,000.72	49.40	–
2~3years	**30,000.72**	**7.34**	**–**	–	–	–
Over 3 years	**5,000.00**	**1.22**	**–**	34,980.00	24.68	–
Total	**408,751.30**	**100.00**	**–**	141,706.71	100.00	–

6.5. Accounts in advance

6.5.1 Age analysis

Account Age	**2019-12-31**			2018-12-31		
	Amount	**%**	**Bad debt provision**	Amount	%	Bad debt provision
Within 1 year	**96,287.32**	**53.93**	**–**	591,113.84	93.94	–
1~2years	**44,118.53**	**24.71**	**–**	–	–	–
Over 3 years	**38,150.00**	**21.36**	**–**	38,150.00	6.06	–
Total	**178,555.85**	**100.00**	**–**	629,263.84	100.00	–

6.6. Inventory

	2019-12-31		**2018-12-31**	
Items	**Amount**	**Provision for obsolete stocks**	**Amount**	**Provision for obsolete stocks**
Raw material	**134,858.80**	**61,520.53**	4,772,053.05	1,543,520.10
Finished goods	**–**	**–**	7,964.88	7,964.88
Work-in-progress	**–**	**–**	2,882,415.22	840,201.25
Total	**134,858.80**	**61,520.53**	7,662,433.15	2,391,686.23

6.7. Other current assets

Items	2019-12-31	2018-12-31
Deferred expenses	**30,024.84**	135,281.72
VAT paid	–	4,169.37
others	–	40,690.81
Total	**30,024.84**	180,141.90

6.8. Fixed assets and accumulated depreciation

Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
I Original value	**60,870,602.64**	**99,786.01**	**60,902,036.28**	**68,352.37**
Plant and buildings	33,303,687.15	–	33,303,687.15	–
Electronic equipment	433,642.96	–	383,303.41	50,339.55
Machinery	25,252,727.69	–	25,252,727.69	–
Office equipment	496,514.45	–	492,809.32	3,705.13
Furniture and others	1,384,030.39	99,786.01	1,469,508.71	14,307.69
II Accumulated depreciation	**39,934,374.99**	**1,120,649.43**	**41,024,439.53**	**30,584.89**
Plant and buildings	15,725,877.64	999,289.88	16,725,167.52	–
Electronic equipment	333,792.55	8,222.03	319,125.95	22,888.63
Machinery	22,270,733.54	30,525.48	22,301,259.02	–
Office equipment	437,023.48	1,491.48	435,180.34	3,334.62
Furniture and others	1,166,947.78	81,120.56	1,243,706.70	4,361.64
III impairment of fix assets	–	**1,934,942.96**	**1,900,593.10**	**34,349.86**
IV Net value of fixed assets	**20,936,227.65**	–	–	**3,417.62**
Plant and buildings	17,577,809.51	–	–	–
Electronic equipment	99,850.41	–	–	2,516.99
Machinery	2,981,994.15	–	–	–
Office equipment	59,490.97	–	–	185.25
Furniture and others	217,082.61	–	–	715.38

6.9. Intangible assets

Items	Original balance	Bal. B/Y	Increase in this year	Decrease in this year	Bal. E/Y
Land use right	6,954,412.75	5,320,125.47	–	5,320,125.47	0.00
3D design Software	76,016.26	23,868.53	–	23,868.53	0.00
Total	**7,030,429.01**	**5,343,994.00**	–	**5,343,994.00**	**0.00**

6.10.Short-term loans

Bank Name	2019-12-31	2018-12-31
Citibank (china)	**0.00**	19,056,532.27
Total	**0.00**	19,056,532.27

6.11. Accounts payable

6.11.1 Age analysis

Account age	2019-12-31		2018-12-31	
	Amount	%	Amount	%
Within 1 year	**391,767.33**	**33.50**	13,233,330.66	93.03
1~2 years	**433,049.11**	**37.03**	620,385.89	4.36
Above 2 years	**344,657.96**	**29.47**	371,396.87	2.61
Total	**1,169,474.40**	**100.00**	14,225,113.42	100.00

6.11.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	41,804.01	6.9762	291,633.14
EUR	8,351.00	7.8155	65,267.24
Total	**50,155.01**		**356,900.38**

6.12. Deposit received

6.12.1 Age analysis

Account age	2019-12-31		2018-12-31	
	Amount	%	Amount	%
Within 1 year	–	–	1,024,270.96	73.46
Over 3 years	–	–	370,000.00	26.54
Total	–	–	1,394,270.96	100.00

6.13. Accrued payroll

Item	2019-12-31	2018-12-31
Payroll for Chinese employee	–	316,192.75
Total	–	316,192.75

6.14. Tax and other fees payable

Item	2019-12-31	2018-12-31
Individual income tax	**982.02**	16,723.11
Stamp tax	**2.90**	2,309.26
Value-added tax	**9,874.60**	–
Total	**10,859.52**	19,032.37

6.15. Other payable

6.15.1Age analysis

Accounting age	2019-12-31		2018-12-31	
	Amount	%	Amount	%
Within 1 year	**34,302.36**	**100.00**	263,330.29	72.42
2~3years	–	–	100,277.80	27.58
Total	**34,302.36**	**100.00**	363,608.09	100.00

6.16. Accrued expenses

Item	2019-12-31	2018-12-31
Product warranty fee	**1,031,685.34**	3,092,551.26
Payroll& Bonus	**100,000.00**	558,240.00
Agency commission	**1,530,507.00**	1,923,573.50
Staff commission	**664,516.92**	1,171,285.00
Material and commissioning expense	**471,507.03**	1,346,877.53
Entertainment expenses	**949.00**	44,517.00
others	**693,488.02**	1,405,229.04
Total	**4,492,653.31**	9,542,273.33

6.17. Paid-in capital

Investor		Beg. Bal.		End. Bal.	
	Increase in this year	%	RMB Equivalent	%	RMB Equivalent
Thermax Ltd.	7,040,500.00	100	101,948,817.37	100	108,989,317.37
Total	**7,040,500.00**	**100**	**101,948,817.37**	**100**	**108,989,317.37**

6.18. Undistributed profit

Item	Amount
Undistributed profits at beginning of the year	-93,377,848.08
Add : Net profit of this period	-12,506,336.72
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	-105,884,184.80

6.19. Revenue from main operations and cost of main operations

Item	Revenue from main operations		Cost of main operations	
	FY2019	FY2018	FY2019	FY2018
Product sales	3,295,889.81	47,520,234.14	4,128,313.90	43,159,215.83
Total	**3,295,889.81**	**47,520,234.14**	**4,128,313.90**	**43,159,215.83**

6.20. Profit from other operations

Item	Revenue from other operations		Cost of other operations	
	FY2019	FY2018	FY2019	FY2018
Spares Materials sales	2,675,365.47	1,157,568.80	1,984,313.71	611,608.24
Scrap Material sales	96,940.38	602,966.76	–	–
Service revenue	407,243.20	1,141,551.14	65,582.58	133,435.13
Total	**3,179,549.05**	**2,902,086.70**	**2,049,896.29**	**745,043.37**

6.21. Tax and surcharge

Items	FY2019	FY2018
Stamp tax	**4,284.54**	19,392.41
Land use tax	**28,197.33**	–
building tax	**232,567.10**	174,425.30
Security for the disabled	**–**	35,278.27
Local education surtax	**12,002.54**	-3,331.63
urban maintenance and construction tax	**76,127.93**	-7,773.81
Education surtax	**12,926.09**	-2,221.09
Total	**366,105.53**	215,769.45

6.22. Operation expenses

Items	FY2019	FY2018
Salaries and welfare	**725,966.18**	2,059,660.17
Warranty and FOC	**–718,834.28**	–172,412.39
Business trip	**103,984.98**	167,041.07
Entertainment expenses	**47,661.50**	54,011.69
Consulting fee	**–12,463.92**	2,083.07
House Rent	**76,343.60**	125,711.66
Freight and Loading fee	**–130,208.34**	318,687.25
Exported fee	**45,682.41**	402,342.13
Office expenses	**4,854.52**	5,166.33
Advertisement	**–**	3,125.00
Communication fee	**7,630.04**	24,843.52
Depreciation	**1,211.86**	5,552.91
Others	**27,383.58**	88,466.42
Total	**179,212.13**	3,084,278.83

6.23. General and administrative expenses

Items	FY2019	FY2018
Salaries and welfare	**6,533,793.82**	3,786,136.96
Consulting expenses	**976,890.87**	1,089,036.65
Deprecation	**900,981.31**	317,548.03
Car expenses	**245,837.33**	173,735.26
Maintain expense	**0.00**	6,832.99
House rent	**206,614.03**	425,393.94
Travel expenses	**210,744.31**	549,205.62
Amortization	**85,339.03**	162,169.16
Provision for obsolete stocks	**440,882.63**	711,142.21
Insurance	**97,675.47**	174,850.03
Communication expenses	**111,493.50**	111,057.09
Office expenses	**130,430.38**	103,253.72
Entertainment expenses	**45,736.96**	140,298.44
Bad debt reserves	**4,194.00**	2,247,878.00
Others	**947,406.36**	291,963.94
Total	**10,938,020.00**	10,290,502.04

6.24. Financial expenses

Items	FY2019	FY2018
Interest expense	**903,444.07**	969,869.38
Less: interest income	**15,052.93**	14,739.35
Exchange Loss	**51,413.42**	–168,479.55
Others	**31,855.95**	97,093.02
Total	**971,660.51**	883,743.50

6.25. Revenue from subsidies

Items	FY2019	FY2018
Government subsidies	**11,427.78**	146,743.44
Total	**11,427.78**	146,743.44

6.26. Non-operating revenue

Items	FY2019	FY2018
Net income from disposal of non-current assets	1,328,193.40	–
Others	433,870.13	2,085.45
Total	1,762,063.53	2,085.45

6.27. Non-operating expenses

Items	FY2019	FY2018
Disposal of fixed value property loss	63,396.68	3,946.06
Impairment provision for fixed assets	1,934,942.96	–
Impairment provision for intangible assets	19,664.33	–
Others	104,054.56	–
Total	2,122,058.53	3,946.06

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
PT Thermax International Indonesia	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	FY2019	FY2018
Thermax Ltd.	275,610.52	859,974.69
PT THERMAX INTERNATIONAL INDONESIA	3,321.26	171,459.10
Total	**278,931.78**	**1,031,433.79**

2. Sales of goods and services

Name of related parties	FY2019	FY2018
Thermax Europe Limited	348,870.69	8,575,962.00
Thermax Ltd.	1,657,302.14	222,588.95
PT THERMAX INTERNATIONAL INDONESIA	0.00	1,011,353.89
Total	**2,006,172.83**	**9,809,904.84**

3. Amounts due from/to related parties

Name of related parties	Account	Amount
Thermax Ltd.	Accounts receivable	385,059.17
Thermax Ltd.	Accounts payable	353,502.55
PT Thermax International Indonesia	Accounts payable	3,397.83

8. CONTINGENT EVENTS

According to the labor arbitration ruling on November 6, 2019, because of the labor dispute between Li Hongfei and the company, and the company shall pay Li RMB699.20 of residual economic compensation and RMB8,256.50 of annual leave compensation. However, Li Hongfei not satisfied with the labor arbitration ruling. Li filed a lawsuit to the People's Court of Nanhu district, Jiaxing city to requiring the economic compensation for the labor contract termination and the salary of RMB298,739.02 for unused annual leave. The case is still in litigation, and the exact amount of compensation is still uncertain.

9. COMMITMENTS

As at 31st December 2019 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

As of December 31,2019, the Citibank had issued the guarantee letter of RMB1,334,440.00, USD 9,000.00.

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD
11th, March, 2020

THERMAX NETHERLANDS B. V.

Executive Board	*Registered Office*	*Auditors*
Rajendran Arunachalam 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 shareholders and management of Thermax Netherlands B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements for the year ended 31 March 2020 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 2020, 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 2020
- Statement of income 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 inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments of Thermax Netherlands B.V. is disclosed in the General Notes of the financial statements. We draw attention to this disclosure.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the 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 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 pre paration 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, 1 July 2020

Ernst & Young Accountants LLP

Signed by T. Wiffrie

THERMAX NETHERLANDS B. V.

Balance sheet as at 31 March 2020

(Before appropriation of result)

ASSETS	Note No	31-03-2020		31-03-2019	
		Euro	Rs Lacs	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Participations in group companies	1	**8,190,000**	**6,824.24**	8,190,000	6,352.62
		8,190,000	**6,824.24**	8,190,000	6,352.62
CURRENT ASSETS:					
Receivable					
Prepaid expenses		**12,742**	**10.62**	12,203	9.47
Cash and cash Equivalents	2	**125,625**	**104.68**	171,689	133.17
		8,328,367	**6,939.54**	8,373,892	6,495.26
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	3				
Issued Share capital		**27,900,000**	**23,247.42**	22,500,000	17,452.25
Other Reserves		–	–	5,400,000	4,188.54
Accumulated result		**(19,539,558)**	**(16,281.16)**	(270,093)	(209.50)
Result for the year		**(70,296)**	**(58.57)**	(19,269,466)	(14,946.47)
		8,290,146	**6,907.69**	8,360,441	6,484.82
Short-term liabilities					
Trade creditors		**16,989**	**14.16**	675	0.52
Accruals and deferred income	4	**21,232**	**17.69**	12,776	9.91
		38,221	**31.85**	13,451	10.43
		8,328,367	**6,939.54**	8,373,892	6,495.26

Exchange Rate as on 31 March 2020 is 1 Euro = Rs. 83.3241

Exchange Rate as on 31 March 2019 is 1 Euro = Rs. 77.5655

Profit and loss account for the year ended March 31, 2020

	Note No	01-04-2019/31-03-2020		01-04-2018/31-03-2019	
		Euro	Rs Lacs	Euro	Rs Lacs
Other operating expenses	5	**(70,296)**	**(58.57)**	(37,699)	(29.24)
Operating result		**(70,296)**	**(58.57)**	(37,699)	(29.24)
Impairment participation	6	–	–	(19,231,767)	(14,917.23)
Result from operational activities before taxation		**(70,296)**	**(58.57)**	(19,269,466)	(14,946.47)
Taxation		–	–	–	–
Net result after taxation		**(70,296)**	**(58.57)**	(19,269,466)	(14,946.47)

Statement of Changes in Equity for the period ended March 31, 2020

	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 2019	22,500,000	18,747.92	(270,093)	(225.05)	5,400,000	4,499.50	(19,269,465)	(16,056.11)	8,360,442	6,966.26
Advance payment on shares to be issued	5,400,000	4,499.50	–	–	(5,400,000)	(4,499.50)	–	–	–	–
Result for the year	–	–	–	–	–	–	19,269,465	16,056.11	19,269,465	16,056
Appropriation of result	–	–	(19,269,465)	(16,056.11)	–	–	(70,296)	(58.57)	(19,339,761)	(16,115)
Balance as at 31 March 2020	27,900,000	23,247.42	(19,539,558)	(16,281.16)	–	–	(70,296)	(58.57)	8,290,146	6,907.69

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. On 1 March 2019, company invested EUR 5,400,000 shares of EUR 1 each, amounting to EUR 5,400,000. As at 31 March 2020 27,900,000 (2019: 22,500,000) shares were issued and fully paid up

Notes to the financial statements March 31, 2020

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 (hereinafter "the Group") 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 World Health Organization (WHO) declared the Coronavirus disease (COVID-19) a global pandemic on March 11, 2020. It is significantly impacting business operation of companies by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc.. The Company is closely monitoring situation in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019/2020 annual report is required. The company has concluded that no material adjustments are required at this stage in the financial results.

We have assessed the Group' s and the Company's ability to continue as going concern, taking into account all relevant information about the future, including our current assessment of the effect of the coronavirus outbreak on the Company's activities and cash flows, which covers a period of at least, but not limited to, 12 months from the balance sheet date.

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 or lower fair market value. 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. Tax account also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate. The Company has carry forward losses of EUR 19,539,558/-. Considering it is not probable that future taxable profits will be available against which they can be utilized, a deferred tax have not been recorded.

		31-03-2020	31-03-2019
		EUR	EUR
1	**Participations in group companies**		
	Thermax Denmark ApS (100%)	**8,190,000**	8,190,000

	01-04-2019 / 31-03-2020	01-04-2018 / 31-03-2019
	EUR	EUR
Thermax Denmark ApS (100%)		
Book value as at 1 April	**8,190,000**	22,021,767
Investments	–	5,400,000
Impairment on investment	–	(19,231,767)
Book value as at 31 March	**8,190,000**	8,190,000

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 contributed capital 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 contributed capital 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. In current year company has review impairment working and find no changes to be required in investment value.

2 **Cash and cash equivalents**

Cash and cash equivalents are available on demand.

3 **Shareholders' equity**

Movements in equity were as follows:

	Issued share capital	**Accumulated results**	**Other reserves**	**Result for the year**
	EUR	EUR	EUR	EUR
Balance as at 1 April 2019	22,500,000	(270,093)	5,400,000	(19,269,466)
Advance payment on shares to be Issued^	5,400,000	–	(5,400,000)	–
Result for the year	–	–	–	19,269,466
Appropriation of result	–	(19,269,465)	–	(70,296)
Balance as at 31 March 2020	**27,900,000**	**(19,539,558)**	**–**	**(70,296)**

^Thermax Limited has contributed capital 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. The shareholders register got updated during first quarter of FY 2019-20 and the share capital of the company has been increased subsequently.

	Total
	EUR
Balance as at 1 April 2019	8,360,441
Advance payment on shares to be Issued	–
Result for the year	(70,296)
Appropriation of result	–
Balance as at 31 March 2020	8,290,146

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. On 1 March 2019 the company invested EUR 5,400,000 shares of EUR 1 each, amounting to EUR 5,400,000. As at 31 March 2020 27,900,000 (31 March 2019: 22,500,000) 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.

		31-03-2020	31-03-2019
		EUR	EUR
4	**Accruals and deferred income**		
	Accrued tax-advisory fees	**6,232**	3,116
	Accrued audit fees	**15,000**	9,660
		21,232	12,776

Subsequent events

No events have occurred since 31 March 2020 that would make the present financial position subs tantiallydifferent from that shown in the balance sheet as at balance sheet date.

Notes to the profit and loss account for the period 01-04-2019 until 31-03-2020

Remuneration of directors

The board of directors consists of two members (31.03.2018: two), who served without remuneration.

	01-04-2019/ 31-03-2020	01-04-2018/ 31-03-2019
	EUR	EUR

The board of directors consists of two members (31.03.2019: two), who served without remuneration.

		01-04-2019/ 31-03-2020	01-04-2018/ 31-03-2019
		EUR	EUR
5	**Other operating expenses**		
	Administrative expenses	**70,296**	37,699

	01-04-2019/ 31-03-2020	01-04-2018/ 31-03-2019
Administrative expenses		
Accounting fees	**29,912**	13,848
Management fees^^	**5,384**	5,203
Audit fees	**24,580**	13,107
Tax-advisory fees	**8,125**	3,176
Legal fees	–	–
Other general expenses	–	1
Bank charges	**2,295**	2,364
	70,296	37,699

^^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 35,296 (2019 : 19,051) which amongst other services, includes acting as a director for the Company

		01-04-2019/ 31-03-2020	01-04-2018/ 31-03-2019
		EUR	EUR
6	**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**
01-04-2019 / 31-03-2020	–
01-04-2018 / 31-03-2019	–
Average number of employees	–

Amsterdam,

Mr. Rajendran Arunachalam TMF Netherlands B.V.

Other information

1. **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.

2. **Auditors' opinion**

The auditors' report is presented on the next page.

THERMAX DENMARK APS

Board of Directors	***Registered Office***	***Auditors***
Rakesh Tripathi Rajendran Arunachalam	Industrivej Nord 13 DK-7400 Herning	Ernst & 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 2019 – 31 March 2020.

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 2020 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2019 – 31 March 2020.

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, 12 June 2020
Executive Board:

Rakesh Rampratap Tripathi Rajendran Arunachalam

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 2019 – 31 March 2020, 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 2020 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 2019 – 31 March 2020 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, 12 June 2020
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	Rakesh Rampratap Tripathi
	Rajendran Arunachalam
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	Havnegade 33
	DK-6700 Esbjerg

Financial highlights for the Group

DKKm	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	293	289	285	292	261
Operating profit	-27	-84	-16	4	2
Profit from financial income and expenses	-3	-4	-3	-4	-5
Profit before tax	-30	-88	-18	1	-3
Profit/loss for the year	**-26**	**-82**	**-17**	**-1**	**-3**
Non-current assets	84	95	154	140	147
Current assets	97	111	106	87	84
Total assets	**181**	**206**	**260**	**226**	**232**
Equity	**29**	**57**	**99**	**101**	**101**
Provisions	5	10	16	17	17
Non-current liabilities other than provisions	19	34	45	43	24
Current liabilities other than provisions	128	105	99	66	89
Cash flows from operating activities	-14	-1	-24	26	-7
Cash flows from investing activities	3	-10	-27	-4	-3
Portion relating to investment in property, plant and equipment	5	-6	-26	-2	-3
Cash flows from financing activities	15	32	28	0	-20
Total cash flows	**4**	**21**	**-21**	**22**	**-30**
Financial ratios					
Operating margin	-9.2	-29.1	-5.6	1.5	0.8
Equity ratio	16.1	27.5	38.0	44.5	43.7
Return on equity	-	-	-	-	-
Average number of full-time employees	**281**	292	290	204	214

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, Boilerworks 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 and Danstoker Poland Sp. Z o.o.

The Thermax Denmark 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, Thermax Denmark has achieved overall results that are lower than provided for in the budget.

Result for the year before tax of DKK –30,358 thousand and after tax of DKK -25,967 thousand, respectively, is deemed not satisfactory by the Management.

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.

Boilerworks is highly active within the area of service, and the Company has been able to maintain its position as one of the leading operators in Scandinavia within this segment.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2018-19.

Future outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is satisfactory.

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 2020/21.

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 and anti-corruption, it should be noted that the Thermax Denmark

Group does not, so far, have such policies, as it has been assessed that there are no material risks within the five areas.

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.

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.

Danstoker A/S hold the ISO 14001 certificate.

Gender diversity

The Executive Board of Thermax Denmark ApS wants to give equal access to leadership positions for members of both genders and believes that leaders should be chosen for their overall competence.

The company is not obliged to set targets for gender diversity since the Executive Board of Thermax Denmark ApS are filled by Thermax Group Executives and only consists of two people.

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 Group expects that the policy specified here will result in an increase in the underrepresented gender. The Group strives to have both genders represented in the recruitment process for new hires.

Knowledge resources

The Thermax Denmark Group performs current development of processes and upgrading of employees.

Events after balance sheet date

It is not yet known to what extent the company will be affected by the COVID-19 outbreak, but management is monitoring the situation closely in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019 annual report is required.
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 2019 - 31 March 2020

Balance sheet

	Notes	2019/20		2018/19		2019/20		2018/19	
		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								
Completed Development Projects		**2,834**	**316.47**	3,146	326.92	**-**	**-**	-	-
Licences, software		**933**	**104.19**	1,878	195.15	**-**	**-**	-	-
Goodwill		**26,434**	**2,951.87**	28,907	3,003.86	**-**	**-**	-	-
Development projects in progress		**1,508**	**168.40**	-	-	**-**	**-**	-	-
		31,709	**3,540.93**	33,931	3,525.93	**-**	**-**	-	-
Property, plant and equipment	9								
Land and buildings		**41,469**	**4,630.82**	48,001	4,988.01	**-**	**-**	-	-
Plant and machinery		**9,257**	**1,033.72**	12,099	1,257.26	**-**	**-**	-	-
Fixtures and fittings, tools and equipment		**1,243**	**138.81**	1,233	128.13	**-**	**-**	-	-
		51,969	**5,803.35**	61,333	6,373.40	**-**	**-**	-	-
Investments	10								
Investments in subsidiaries		**-**	**-**	-	-	**96,272**	**10,750.65**	98,292	10,213.98
		-	**-**	-	-	**96,272**	**10,750.65**	98,292	10,213.98
Total non-current assets		83,678	9,344.28	95,264	9,899.32	**96,272**	**10,750.65**	98,292	10,213.98
Current assets									
Inventories									
Raw materials and consumables		**16,863**	**1,883.08**	16,800	1,745.77	**-**	**-**	-	-
Semi-finished goods		**3,137**	**350.31**	2,634	273.71	**-**	**-**	-	-
Finished goods		**894**	**99.83**	24	2.49	**-**	**-**	-	-
		20,894	**2,333.22**	19,458	2,021.97	**-**	**-**	-	-
Receivables									
Trade receivables		**19,003**	**2,122.06**	21,007	2,182.93	**-**	**-**	-	-
Deffered Tax assets	11	**-**	**-**	411	42.71	**378**	**42.21**	213	22.13
Work in progress (customer-specific orders)	12	**49,046**	**5,476.94**	59,056	6,136.75	**-**	**-**	-	-
Amounts owed by group companies		**-**	**-**	-	-	**9,109**	**1,017.20**	5,334	554.28
Other receivables		**3,367**	**375.99**	2,841	295.22	**-**	**-**	-	-
Prepayments	13	**1,413**	**157.79**	1,711	177.80	**-**	**-**	-	-
		72,829	**8,132.78**	85,026	8,835.42	**9,487**	**1,059.41**	5,547	576.41
Cash at bank and in hand		**3,659**	**408.60**	6,314	656.12	**85**	**9.49**	463	48.11
Total current assets		**97,382**	**10,874.60**	110,798	11,513.50	**9,572**	**1,068.90**	6,010	624.53
Total assets		**181,060**	**20,218.88**	206,062	21,412.83	**105,844**	**11,819.55**	104,302	10,838.51
EQUITY AND LIABILITIES									
Equity									
Share capital		**130,000**	**14,517.03**	130,000	13,508.90	**130,000**	**14,517.03**	130,000	13,508.90
Retained earnings		**(100,836)**	**(11,260.31)**	(73,279)	(7,614.76)	**(100,836)**	**(11,260.31)**	(73,279)	(7,614.76)
Total equity		**29,164**	**3,256.73**	56,721	5,894.14	**29,164**	**3,256.73**	56,721	5,894.14
Provisions									
Deferred tax	11	**1,448**	**161.70**	5,640	586.04	**-**	**-**	-	-
Other provisions	14	**3,141**	**350.75**	4,649	483.10	**-**	**-**	-	-
Total provisions		**4,589**	**512.45**	10,289	1,069.14	**-**	**-**	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions	15								
Mortgage credit institutions		**11,003**	**1,228.70**	11,920	1,238.62	**-**	**-**	-	-
Bank loans		**5,601**	**625.46**	18,663	1,939.40	**5,601**	**625.46**	18,663	1,939.36
Lease liabilites		**2,524**	**281.85**	3,644	378.62	**-**	**-**	-	-
		19,128	**2,136.01**	34,227	3,556.64	**5,601**	**625.46**	18,663	1,939.36

THERMAX DENMARK APS

	Notes	**2019/20**		2018/19		**2019/20**		2018/19	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Current liabilities other than provisions									
Current portion of non-current liabilities other than provisions	15	**15,273**	**1,705.53**	15,061	1,565.06	**13,068**	**1,459.30**	13,064	1,357.54
Bank loans		**30,000**	**3,350.08**	6,203	644.58	**-**	**-**	-	-
Prepayments received from customers	12	**10,062**	**1,123.62**	16,938	1,760.11	**-**	**-**	-	-
Trade payables		**21,725**	**2,426.02**	23,033	2,393.47	**-**	**-**	-	-
Amounts owed to group companies		**15,571**	**1,738.81**	18,362	1,908.08	**57,904**	**6,466.11**	12,630	1,312.44
Corporation tax payable		**-**	**-**	-	-	**-**	**-**	3,029	314.76
Other payables		**35,418**	**3,955.11**	25,065	2,604.62	**107**	**11.95**	196	20.37
Deferred Income		**130**	**14.52**	165	17.10	**-**	**-**	-	-
		128,179	**14,313.68**	104,827	10,893.02	**71,079**	**7,937.36**	28,919	3,005.11
Total liabilities other than provisions		**147,307**	**16,449.70**	139,054	14,449.66	**76,680**	**8,562.82**	47,582	4,944.47
Total equity and liabilities		**181,060**	**20,218.88**	206,062	21,412.94	**105,844**	**11,819.55**	104,302	10,838.61

1 Accounting Policies
16 Contractual Obligations & Contingencies, Etc.
17 Mortgages & Collateral
18 Related Party Disclosures

Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669
Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915

Income Statement

	Notes	**2019/20**		2018/19		**2019/20**		2018/19	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Revenue	2	**292,787**	**32,695.38**	288,982	30,029.46	**-**	**-**	-	-
Production costs	3	**(268,990)**	**(30,037.98)**	(319,503)	(33,201.04)	**-**	**-**	-	-
Gross profit		**23,797**	**2,657.40**	(30,521)	(3,171.58)	**-**	**-**	-	-
Distribution costs	3	**(24,686)**	**(2,756.67)**	(23,729)	(2,465.79)	**-**	**-**	-	-
Administrative expenses	3,4	**(28,428)**	**(3,174.54)**	(30,043)	(3,121.91)	**(107)**	**(11.95)**	(115)	(11.95)
Other operating income		**2,298**	**256.62**	157	16.31	**-**	**-**	-	-
Operating profit		**(27,019)**	**(3,017.20)**	(84,136)	(8,742.96)	**(107)**	**(11.95)**	(115)	(11.95)
Profits/losses from investments in subsidiaries		**-**	**-**	-	-	**(25,429)**	**(2,839.64)**	(81,648)	(8,484.42)
Financial income	5	**2,766**	**308.88**	1,999	207.73	**-**	**-**	5	0.52
Financial expenses	6	**(6,103)**	**(681.52)**	(5,503)	(571.84)	**(614)**	**(68.57)**	(874)	(90.82)
Profit before tax		**(30,356)**	**(3,389.84)**	(87,640)	(9,107.08)	**(26,150)**	**(2,920.16)**	(82,632)	(8,586.67)
Tax on profit for the year	7	**4,389**	**490.12**	5,224	542.85	**183**	**20.44**	216	22.45
Profit for the year		**(25,967)**	**(2,899.72)**	(82,416)	(8,564.23)	**(25,967)**	**(2,899.72)**	(82,416)	(8,564.23)

Statement of Changes in Equity for the period 1st April 2019 to 31st March 2020

		Consolidated					
Particulars	**Notes**	**Share capital**		**Retained earnings**		**Total**	
		DKK'000	**Rs Lacs**	**DKK'000**	**Rs Lacs**	**DKK'000**	**Rs Lacs**
Equity at 1st April 2019/20		130,000	14,517.03	(73,279)	(8,183.03)	56,721	6,334.01
Transfer see "Proposed profit / loss appropriation	19	-	-	(25,967)	(2,899.72)	(25,967)	(2,899.72)
Exchange rate adjustment		-	-	(1,878)	(209.72)	(1,878)	(209.72)
Change in value adjustments of hedging instruments in investments		-	-	357	39.87	357	39.87
Tax on equity transactions		-	-	(69)	(7.71)	(69)	(7.71)
Equity at 31 March 2020		**130,000**	**14,517.03**	**(100,836)**	**(11,260.31)**	**29,164**	**3,256.73**

		Parent company					
Particulars	**Notes**	**Share capital**		**Retained earnings**		**Total**	
		DKK'000	**Rs Lacs**	**DKK'000**	**Rs Lacs**	**DKK'000**	**Rs Lacs**
Equity at 1st April 2019		130,000	14,517.03	(73,279.00)	(8,183.03)	56,721.00	6,334.01
Transfer see "Proposed profit / loss appropriation	19	-	-	(25,967)	(2,899.72)	(25,967)	(2,899.72)
Exchange rate adjustment		-	-	(1,878.00)	(209.72)	(1,878.00)	(209.72)
Change in value adjustments of hedging instruments in investments		-	-	357.00	39.87	357.00	39.87
Tax on equity transactions		-	-	(69.00)	(7.71)	(69.00)	(7.71)
Equity at 31 March 2020		**130,000**	**14,517.03**	**(102,426)**	**(11,260.31)**	**29,164**	**3,256.73**

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally.

Cash flow statement, consolidated

	2019/20		2018/19	
	DKK'000	**Rs.Lacs**	DKK'000	Rs.Lacs
Net profit for the year before tax	**(30,356)**	**(3,389.84)**	(87,640)	(9,107.08)
Depreciation for the year and gains from sales of fixed assets	**8,805**	**983.25**	67,517	7,016.01
Other Adjustment	**(2)**	**(0.22)**	490	50.92
Changes in equity before tax	**(1,521)**	**(169.85)**	(506)	(52.58)
Corporation tax paid, net	539	**60.19**	898	93.32
Cash flows from operations (operating activities) before changes in working capital	**(22,535)**	**(2,516.47)**	(19,241)	(1,999.42)
Change in inventories	**(1,436)**	**(160.36)**	(87)	(9.04)
Change in receivables and work in progress	**11,787**	**1,316.25**	738	76.69
Change in provisions	**(1,508)**	**(168.40)**	(1,210)	(125.74)
Change in current liabilities	**(441)**	**(49.25)**	19,072	1,981.86
Cash flows from operating activities	**(14,133)**	**(1,578.23)**	(728)	(75.65)
Acquisition of intangible asset	**(2,214)**	**(247.24)**	(3,894)	(404.64)
Acquisition of property, plant and equipment, net	**4,994**	**557.68**	(5,781)	(600.73)
Cash flows from investing activities	**2,780**	**310.44**	(9,675)	(1,005.37)
Capital Increase	-	-	40,171	4,174.36
Mortage of new loans	-	-	5,019	521.55
Repayment of long-term debt	**(15,099)**	**(1,686.10)**	(13,436)	(1,396.20)
Cash flow overdraft	**23,797**	**2,657.40**	(16,047)	(1,667.52)
Cash flows from financing activities	**8,698**	**971.30**	15,707	1,632.19
Net cash flows for the year	**(2,655)**	**(296.48)**	5,304	551.16
Cash and cash equivalents at 1 April 2019	**6,314**	**705.08**	1,010	104.95
Cash and cash equivalents at 31 March 2020	**3,659**	**408.60**	6,314	656.12

Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669
Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915

Because of a clarifying interpretation, The Company has reclassified short-term bank facilities in the Cash Flow Statement. Previously bank facilities were presented as cash. Henceforward short-term bank facilities will be presented as a part of the financing activities. The comparative figures for 2018/19 have been adjusted accordingly. The Company's short-term bank facilities per 31 March 2020 amounts to DKK 30,000 thousand (2018/19: DKK 6,203 thousand)

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

Because of a clarifying interpretation, The Company has reclassified short-term bank facilities in the Cash Flow Statement. Previously bank facilities were presented as cash. Henceforward short-term bank facilities will be presented as a part of the financing activities. The comparative figures for 2018/19 have been adjusted accordingly. The Company's short-term bank facilities per 31 March 2020 amounts to DKK 30,000 thousand (2018: DKK 6,203 thousand).

Consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full.

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 rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity, and foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, 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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on 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.

Sales and distribution costs

Sales and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs relating to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purpose.

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

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, due to strategically acquired enterprises with strong market positions and long-term earnings profiles.

Patents, licences and 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.

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 three years.

Gains and losses on the sale and disposal of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale or disposal.

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

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, 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 accounted for in the same way as the Company's other assets.

The capitalised residual lease liability 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.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

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 assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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.

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 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

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can 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

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented 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 payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required 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 are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 lease liability in respect of finance leases.

The remaining liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

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 paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term securities which are readily convertible into cash and which are subject only to insignificant risks 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	2019/20	2018/19	2019/20	2018/19
2	**Segment information**				
	Revenue - boilers etc.				
	Europe	287,996	281,384	0	0
	Outside Europe	4,791	7,598	0	0
		292,787	288,982	0	0
3	**Employee relations**				
	Wages and salaries	108,536	114,688	0	0
	Pensions	6,037	6,722	0	0
	Other social security costs	801	876	0	0
		115,374	122,286	0	0
	Remuneration and pensions of the Executive Board	0	0	0	0
	Average number of full-time employees	281	292	0	0
4	**Fees paid to auditors appointed at the annual general meeting**				
	Fee regarding statutory audit	342	294	16	15
	Assurance engagements	350	342	40	40
	Tax assistance	35	37	8	8
	Other assistance	200	186	90	25
		927	859	154	88
5	**Financial income**				
	Interest income from group enterprises	0	0	0	0
	Other financial income	2,766	1,999	0	5
		2,766	1,999	0	5
6	**Financial expenses**				
	Interest expense for group enterprises	171	140	186	56
	Other interest expense	5,932	5,363	428	818
		6,103	5,503	614	874

		Consolidated		Parent company	
	DKK'000	2019/20	2018/19	2019/20	2018/19
7	**Tax on the profit for the year**				
	Current tax for the year	-69	26	-17	-209
	Deferred tax adjustment for the year	-4,320	-5,224	-165	-7
	Prior-year adjustments	-69	0	0	0
		-4,458	-5,198	-182	-216
	Specified as follows:				
	Tax on profit for the year	-4,389	-5,224	-182	-216
	Tax on changes in equity	-69	26	0	0
		-4,458	-5,198	-182	-216

8 **Intangible assets**

Consolidated

DKK'000	Completed development projects	Licences, software	Goodwill	Development projects in progress	Total
Cost at 1 April 2019	3,984	3,997	141,569	0	149,550
Additions	706	0	0	1,508	2,214
Disposals	0	-186	0	0	-186
Cost at 31 March 2020	4,690	3,811	141,569	1,508	151,578
Impairment losses and amortisation at 1 April 2019	838	2,119	112,662	0	115,619
Amortisation	1,018	936	2,473	0	4,427
Disposals	0	-177	0	0	-177
Impairment losses and amortisation at 31 March 2020	1,856	2,878	115,135	0	119,869
Carrying amount at 31 March 2020	2,834	933	26,434	1,508	31,709

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 2019	57,216	28,617	2,395	88,228
Additions	0	453	552	1,005
Disposals	-4,623	-3,621	-1,172	-9,416
Currency translation	-1,356	0	0	-1,356
Cost at 31 March 2020	51,237	25,449	1,775	78,461
Impairment losses and depreciation at 1 April 2019	9,215	16,518	1,162	26,895
Depreciation and impairment losses	1,519	3,180	541	5,240
Disposals	-838	-3,506	-1,171	-5,515
Currency translation	-128	0	0	-128
Impairment losses and depreciation at 31 March 2020	9,768	16,192	532	26,492
Carrying amount at 31 March 2020	41,469	9,257	1,243	51,969
Property, plant and equipment include finance leases with a carrying amount totalling	0	3,713	671	4,384

10 Investments

DKK'000	Investments in subsidiaries
Cost at 1 April 2019	273,896
Additions	25,000
Cost at 31 March 2020	298,896
Value adjustments at 1 April 2019	-175,604
Profit for the year	-25,429
Exchange rate adjustments	-1,878
Change in value adjustments of hedging instruments in investments	287
Value adjustments at 31 March 2020	-202,624
Carrying amount at 31 March 2020	**96,272**

Carrying amount of goodwill amounts to DKK 26,434 thousand as of 31 March 2020.

Name	Registered office	Rights and ownership
Danstoker A/S	Herning, Denmark	100 %
Ejendomsanpartsselskabet Industrivej Nord 13	Herning, Denmark	100 %
Boilerworks A/S	Kolding, Denmark	100 %
Boilerworks Properties ApS	Herning, Denmark	100 %
Danstoker Poland Sp. Z.o.o.	Poland	100 %

	Consolidated		Parent company	
DKK'000	2019/20	2018/19	2019/20	2018/19
11 Deferred tax				
Deferred tax at 1 April 2019	**5,229**	10,482	**-213**	-206
Deferred tax adjustment	**-3,781**	-5,253	**-165**	-7
Deferred tax at 31 March 2020	**1,448**	5,229	**-378**	-213
Deferred tax are recognized as follows:				
Deferred tax assets	**0**	411	**378**	213
Deferred tax liabilities	**1,448**	5,640	**0**	0
	1,448	5,229	**378**	213

Deferred tax relates to non-current assets, tax losses carried forward and work in progress (advance on account).

12 Work in progress (customer-specific orders)

Consolidated

DKK'000	2019/20	2018/19
Work in progress	**238,444**	299,998
Payment on account	**-199,460**	-257,880
	38,984	42,118
Recognised as follows:		
Work in progress (customer specific orders) (assets)	**49,046**	59,056
Prepayments received from customers (liabilities)	**-10,062**	-16,938
	38,984	42,118

13 Prepayments

Consolidated

Prepaid insurance premiums	**663**	694
Other prepaid costs	**3,020**	1,017
	3,683	1,711

14 Other provisions

Consolidated

Other provisions at 1 April 2019	**4,649**	5,859
Provision for the year, adjustment	**-1,508**	-1,210
Other provisions at 31 March 2020	**3,141**	4,649

Other provisions consists of custom warranties, DKK 1,118 thousand (2018/19: DKK 618 thousand) and provision for guarantee obligations and other costs DKK 2,023 thousand (2018/19: DKK 4,031 thousand).

15 Non-current liabilities other than provisions

Consolidated

DKK'000	Total liabilities at 31/3/2020	Repayment next year	Long-term portion	Outstanding debt after 5 years
Mortgage credit institutions	11,919	916	11,003	7,338
Bank loans	18,669	13,068	5,601	0
Lease liabilities	3,813	1,289	2,524	0
Total liabilities	**34,401**	**15,273**	**19,128**	**7,338**

Parent company

DKK'000	Total liabilities at 31/3/2020	Repayment next year	Long-term portion	Outstanding debt after 5 years
Bank loans	18,663	13,068	5,595	0
Total liabilities	**18,663**	**13,068**	**5,595**	**0**

16 Contractual obligations and contingencies, etc.

Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1.559 thousand, hereof DKK 826 thousand fall due 2020/21.

Rent obligations falling due within three years total DKK 1.322 thousand, hereof DKK 661 thousand fall due 2020/21.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 8,120 thousand with a net position as of 31 March 2020 of totally DKK -1,321 thousand (2018/19: DKK -1,631 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.

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 24,779 thousand 31 March 2020 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 11,920 thousand.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 5,814 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 41,232 thousand (2018/19: DKK 46,980 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 2020, the guarantee commitment amounted to DKK 0 thousand (2018/19: DKK 2,308 thousand).

18 Related parties

Thermax Denmark ApS' related parties comprise the following:

Related party transactions

Transactions with related parties are specified as follows:

DKK'000	2019/20	2018/19
Revenue	149	195
Production costs	2,532	5,141
Financial expenses	181	140
Amounts owed to group companies (Liabilities)	15,571	18,362
Equity contribution from parent	0	40,171

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	2019/20	2018/19	2019/20	2018/19
19 Proposed profit/loss				
Transferred to reserves under equity	-25,967	-82,416	-25,967	-82,896
Reserve for net revaluation under the equity method	0	0	0	480
	-25,967	-82,416	-25,967	-82,416

DANSTOKER A/S

Board of Directors

Rakesh Rampratap Tripathi (Chairman)
Rajendran Arunachalam (Vice Chairman)
Holger Michael D. Jepsen (Elected by the employees)
Kim Slumstrup(Elected by the employees)

Registered Office

Industrivej Nord 13
DK - 7400 Herning

Auditors

Ernst & Young
Godkendt Revisionspartnerselskb
Havnegade 33
DK - 6700 Esbjerg

Executive Board

Peter Overgaard
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 2019 – 31 March 2020.

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020.

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, 12 June 2020

Executive Board:

Peter Overgaard	Kurt Myhlert Olsen

Board of Directors:

Rakesh Rampratap Tripathi Chairman	Rajendran Arunachalam Vice Chairman
Kim Slumstrup (Elected by the employees)	Holger Michael D. Jepsen (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 2019 – 31 March 2020, 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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, 12 June 2020

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	Rakesh Rampratap Tripathi (Chairman) Rajendran Arunachalam (Vice Chairman) Kim Slumstrup (Elected by the employees) Holger Michael D. Jepsen (Elected by the employees)
Executive Board	Peter Overgaard Kurt Myhlert Olsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Financial highlights

DKK m	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Gross profit	**24**	28	28	39	33
Ordinary operating profit/loss	**-12**	-8	-8	9	4
Profit/loss before tax	**-9**	-27	-14	6	3
Profit/loss for the year	**-6**	**-25**	**-12**	**4**	**3**
Total assets	**140**	135	110	90	90
Investment in property, plant and equipment	**0**	5	1	2	2
Equity	**42**	50	35	33	28
Financial ratios					
Equity ratio	**30.2**	36.9	32.1	36.0	31.6
Return on equity	**-**	-	-	10.1	11.5
Average number of full-time employees	**117**	115	121	122	136

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 wholly 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 Danstoker Poland Sp.z o.o.. During the year the subsidiary Boilerworks A/S was sold to Thermax Denmark ApS.

The Danstoker Group designs, manufactures, sells and do service on boilers and associated equipment within the energy market. 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 been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia. 40% of the turnover is within this segment.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained its position in the primary markets, and with the setup in Poland we will develop a stronger position in the eastern part of Europe.

The market segments for combined heat and power boilers and for exhaust gas boilers have been status quo in the year under review.

During the year, a new low voltage electrical boiler in the range from 400 kW to 5.500 kW has been developed and launched.

This year, the Danstoker A/S have had a high activity level the first half year and a low activity level the second half of the year. The achieved results of the primary operation are lower than provided for in the budget. The high activity level the first half year has been impacted by low productivity in the Polish facility, where it has been difficult to attract and keep the right people in the workshop. Due to this low productivity a lot of boilers had to be produced in Denmark to excessive cost. Further late deliveries to customers lead to extra cost. The result of the primary operations is not satisfactory, and many cost reduction and optimization measures are under implementation to turn around the business. The overall result of Danstoker A/S is positively impacted by the transaction of Boilerworks A/S.

Result for the year before tax of DKK -9,162 thousand and result after tax of DKK -5,663 thousand.

The total number of employees by end of financial year is 117 in Denmark and 114 in Poland.

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. Danstoker A/S achieved ISO 14001 certificate during the year.

Danstoker A/S has decided for the coming year to focus on 4 of United Nations Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, Innovation and infrastructure", "12 Responsible consumption and production" and "13 Climate action"

Events after the balance sheet date

It is not yet known to what extent the company will be affected by the COVID-19 outbreak, but management is monitoring the situation closely in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019 annual report is required.

The Management is of the opinion, that from the balance sheet date until today, no events have occurred which could substantially alter the assessment of the annual report.

Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is satisfactory.

It is the aim of the Danstoker Group to create 2 profitable, strong sales and production companies in Danstoker A/S and Danstoker Poland Sp. z o.o., 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.

Besides the above mentioned regarding COVID-19, 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.

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.

With all the initiatives taken satisfactory results are expected for the financial year 2020/21.

Financial statements 1 April 2019 – 31 March 2020

Income statement

	Note	2019-20		2018-19	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit		**24,171**	**2,699.16**	27,825	2,891.42
Sales and distribution costs		**(18,965)**	**(2,117.86)**	(19,179)	(1,992.98)
Administrative expenses		**(17,644)**	**(1,970.34)**	(16,709)	(1,736.31)
Operating Profit / Loss		**(12,439)**	**(1,389.03)**	(8,063)	(837.86)
Profit / Loss on investments in subsidiaries		**5,075**	**566.72**	(17,659)	(1,835.03)
Financial income	2	**938**	**104.75**	318	33.04
Financial expenses	3	**(2,736)**	**(305.53)**	(1,766)	(183.51)
Profit / Loss before tax		**(9,162)**	**(1,023.09)**	(27,170)	(2,823.36)
Tax on profit/loss for the year	4	**3,499**	**390.73**	2,085	216.66
Profit / Loss for the year		**(5,663)**	**(632.36)**	(25,085)	(2,606.70)

Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669

Exchange rate: as at 31 March 2019 is 1 DKK = Rs 10.3915

Balance sheet

	Note	2019-20		2018-19	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS					
Non-current assets					
Intangible assets	5				
Completed Development Projects		**1,513**	**168.96**	850	88.33
Licences, software		**933**	**104.19**	1,870	194.32
Development Projects in progress		**1,508**	**168.40**	-	-
		3,954	**441.54**	2,720	282.65
Property, plant and equipment	6				
Plant and machinery		**4,944**	**552.09**	6,977	725.01
Fixtures and fittings, tools and equipment		**870**	**97.15**	852	88.54
Property, plant and equipment under construction		**-**	**-**	-	-
		5,814	**649.25**	7,829	813.55
Investments	7				
Investments in subsidiaries		**11,075**	**1,236.74**	-	-
Amounts owed by group companies		**11,278**	**1,259.41**	-	-
		22,353	**2,496.15**	-	-
Total non-current assets		**32,121**	**3,586.94**	10,549	1,096.20
Current assets					
Inventories					
Raw materials and consumables		**11,759**	**1,313.12**	12,268	1,274.82
Semi-finished goods		**2,787**	**311.22**	2,246	233.39
		14,546	**1,624.34**	14,514	1,508.22
Receivables					
Trade receivables		**13,183**	**1,472.14**	13,172	1,368.76
Work in progress (customer-specific orders)	8	**29,658**	**3,311.89**	46,049	4,785.17
Amounts owed by group companies		**46,939**	**5,241.65**	43,111	4,479.86
Other receivables		**863**	**96.37**	1,684	174.99
Prepayments	9	**2,271**	**253.60**	2,558	265.81
		92,914	**10,375.66**	106,574	11,074.60
Cash at bank and in hand		**381**	**42.55**	3,203	332.84
Total current assets		**107,841**	**12,042.55**	124,291	12,915.66
Total assets		**139,962**	**15,629.49**	134,840	14,011.85

DANSTOKER A/S

Financial statements 1 April 2019 – 31 March 2020

Balance sheet

	Note	2019-20		2018-19	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES					
Equity					
Share capital		**10,001**	**1,116.81**	10,001	1,039.25
Reserver for development cost		**1,180**	**131.77**	663	68.90
Retained earnings		**31,106**	**3,473.59**	39,118	4,064.93
Total equity		**42,287**	**4,722.17**	49,782	5,173.08
Provisions					
Deferred tax	10	**42**	**4.69**	2,547	264.67
Other provisions	11	**2,591**	**289.34**	4,349	451.92
Total provisions		**2,633**	**294.03**	6,896	716.60
Liabilities other than provisions					
Non-current liabilities	12				
Lease liabilities		**2,039**	**227.69**	2,924	303.85
		2,039	**227.69**	2,924	303.85
Current liabilities					
Current portion of non-current liabilities other than provisions	12	**1,054**	**117.70**	846	87.91
Bank loans		**30,000**	**3,350.08**	205	21.30
Prepayments received from customers	8	**6,307**	**704.30**	12,679	1,317.53
Trade payables		**11,793**	**1,316.92**	14,288	1,484.73
Amounts owed to group companies		**14,154**	**1,580.57**	33,384	3,469.09
Other payables		**29,695**	**3,316.03**	13,836	1,437.76
		93,003	**10,385.60**	75,238	7,818.33
Total liabilities other than provisions		**95,042**	**10,613.29**	78,162	8,122.18
Total equity and liabilities		**139,962**	**15,629.49**	134,840	14,011.85

1 Accounting policies
13 Employee relations
14 Charges, collateral and contingencies, etc.
15 Related party disclosures

Statement of Changes in Equity for the period 1 April 2019 to 31 March 2020

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 2019		10,001	1,116.81	663	74.04	39,118	4,368.29	49,782	5,559.13
Retained profit for the year	16	-	-	517	57.73	(6,180)	(690.12)	(5,663)	(632.38)
Change in value adjustments of hedging instruments after Tax		-	-	-	-	70	7.82	70	7.82
Change in value adjustments of hedging instruments in investments after Tax		-	-	-	-	(24)	(2.68)	(24)	(2.68)
Exchange rate adjustment in investments		-	-	-	-	(1,878)	(209.72)	(1,878)	(209.72)
Equity at 31 March 2020		**10,001**	**1,116.81**	**1,180**	**131.77**	**31,106**	**3,473.59**	**42,287**	**4,722.17**

The share capital consists of 1 share at a nominal amount of DKK 10,001,000.

Financial statements 1 April 2019 – 31 March 2020

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for the period 1 April 2019 – 31 March 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

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 date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, 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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on 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.

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 related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs relating to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purpose.

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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

Development costs comprise expenses and salaries directly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually three years.

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 and losses on the sale of intangible assets are recognised in the income statement under “Other operating income” or “Other operating expenses”, respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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 of the assets 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 or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, 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 accounted for in the same way as the Company’s other assets.

The capitalised residual lease liability 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.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company’s aggregate liabilities relating to operating leases and other rent agreements are disclosed under “Contingent liabilities”.

Investments in subsidiaries

Equity 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.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change 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 dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented 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 expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required 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 are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 lease liability in respect of 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	2019/20	2018/19
Interest income from group enterprises	**496**	102
Other interest income, including foreign exchange gains, etc.	**442**	216
	938	318

3 Financial expenses

DKK'000	2019/20	2018/19
Interest expenses to group enterprises	**907**	658
Other interest expenses, including foreign exchange losses, etc.	**1,829**	1,108
	2,736	1,766

4 Tax on profit for the year

DKK'000	2019/20	2018/19
Current tax for the year	**-834**	2,250
Deferred tax adjustment for the year	**-2,505**	-4,335
Prior-year adjustments	**-160**	0
	-3,499	-2,085

5 Intangible assets

DKK'000	Completed development projects	Licences, software	Development projects in progress	Total
Cost at 1 April 2019	850	3,477	0	4,327
Additions	706	0	1,508	2,214
Disposals	0	-185	0	-185
Cost at 31 March 2020	1,556	3,292	1,508	6,356
Impairment losses and amortisation at 1 April 2019	0	1,607	0	1,607
Amortisation	43	929	0	929
Amortization, assets sold	0	-177	0	-177
Impairment losses and amortisation at 31 March 2020	43	2,359	0	2,402
Carrying amount at 31 March 2020	**1,513**	**933**	**1,508**	**3,954**

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 2019	29,514	3,557	33,071
Additions	2	459	461
Disposals	-39	-902	-941
Cost at 31 March 2020	29,477	3,114	32,591
Impairment losses and depreciation at 1 April 2019	22,537	2,705	25,242
Depreciation	2,036	368	2,404
Depreciation, assets sold	-39	-829	-868
Impairment losses and depreciation at 31 March 2020	24,534	2,244	26,778
Carrying amount 31 March 2020	4,944	870	5,814
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	3,254	507	3,761

7 Investments

DKK'000	Invest-ments in subsidiaries	Amounts owed by group companies
Cost at 1 April 2019	3,009	0
Additions	30,370	11,278
Disposals	-3,000	0
Cost at 31 March 2020	30,379	11,278
Value adjustments at 1 April 2019	-25,476	0
Adjustments	-1,878	0
Net profit/loss for the year	-16,214	0
Disposals	24,264	0
Value adjustments at 31 March 2020	-19,304	0
Carrying amount at 31 March 2020	11,075	11,278

Name	Registered office	Rights and ownership
Danstoker Poland Sp. Z.o.o.	Poland	100 %

8 Work in progress (customer-specific orders)

DKK'000	2019/20	2018/19
Work in progress	**140,146**	130,690
Payments on account	**-116,795**	-97,320
Carrying amount at 31 March	**23,351**	33,370
Recognised as follows:		
Work in progress (customer specific orders) (assets)	**29,658**	46,049
Prepayments received from customers (liabilities)	**-6,307**	-12,679
	23,351	33,370

9 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

10 Deferred tax

DKK'000	2019/20	2018/19
Deferred tax at 1 April	**2,547**	6,882
Deferred tax adjustment	**-2,505**	-4,335
Deferred tax at 31 March	**42**	2,547

Deferred tax primarily relates to work in progress (advance on account).

11 Other provisions

Other provisions consists of customs warranties, DKK 568 thousand (2018/19: DKK 318 thousand) and provision for guarantee obligations and other costs DKK 2,023 thousand (2018/19: DKK 4,031 thousand).

12 Non-current liabilities other than provisions

DKK'000	Total liabilities at 1/4 2019	Total liabilities at 31/3 2020	Repay-ment next year	Long-term portion	Out-standing debt after 5 years
Lease liabilities	3,769	3,093	1,054	2,039	0
	3,769	3,093	1,054	2,039	0

13 Employee relations

DKK'000	2019/20	2018/19
Wages and salaries	**60,329**	56,020
Pensions	**4,118**	4,026
Other social security costs	**687**	691
	65,134	60,737
Remuneration of the Executive Board	**6,796**	3,065
Remuneration of the Board of Directors	**60**	60
Average number of full-time employees	**117**	115

14 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 years total DKK 921 thousand, hereof DKK 518 thousand fall due 2020/21.

The Company has entered into lease contracts. Tenancy commitments in lease buildings amount to DKK 5,860 thousand, of this DKK 5,199 thousand concerns 2020/21.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 5,814 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 13,241 thousand (2018/19: DKK 20,423 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 41,232 thousand (2018/19: DKK 46,979 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 2020, the guarantee commitment etc. amounted to DKK 0 thousand (2018/19: DKK 2,308 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	2019/20	2018/19
Revenue	**4,864**	2,094
Production costs	**23,379**	18,379
Other expenses	**2,359**	0
Rent	**4,493**	4,405
Financial income	**496**	102
Financial expenses	**907**	658
Amounts owed by group companies (Receivables)	**58,217**	33,384
Amounts owed to group companies (Liabilities)	**14,154**	43,111
Equity contribution from parent	**0**	40,171
Group contribution to subsidiary	**30,370**	0
Transfer of share in subsidiary	**0**	0

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	2019/20	2018/19
Reserve for development cost	**517**	663
Retained earnings	**-6,180**	-25,748
	-5,663	-25,085

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Executive Board	*Registered Office*	*Auditors*
Rakesh Rampratap Tripathi Rajendran Arunachalam	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 2019 – 31 March 2020.

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 2020 and of the results of its operations for the financial year 1 April 2019 – 31 March 2020.

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, 12 June 2020
Executive Board:

Rakesh Rampratap Tripathi　　Rajendran Arunachalam

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 2019 – 31 March 2020, 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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, 12 June 2020
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	Rakesh Rampratap Tripathi
	Rajendran Arunachalam
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 3,890 thousand as satisfactory.

Future outlook

Satisfactory results are expected for the financial year 2020/21.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Income statement
for the period of 1 April 2019- 31 March 2020

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
Gross profit		**4,428**	**494.47**	4,340	450.99
Impairment losses and depreciation		**(901)**	**(100.61)**	(901)	(93.63)
Operating profit		**3,527**	**393.86**	3,439	357.36
Profit on investments in subsidiary		**1,573**	**175.66**	1,623	168.65
Financial income	2	**384**	**42.88**	297	30.86
Financial expenses		**(941)**	**(105.08)**	(1,003)	(104.23)
Profit before tax		**4,543**	**507.31**	4,356	452.65
Tax on profit for the year	3	**(653)**	**(72.92)**	(601)	(62.45)
Profit for the year		**3,890**	**434.39**	3,755	390.20
Proposed profit appropriation					
Reserve for net revaluation under the equity method		**1,573**	**175.66**	1,623	168.65
Retained earnings		**2,317**	**258.74**	2,132	221.55
		3,890	**434.39**	3,755	390.20

Statement of Changes in Equity for the period 1st April 2019 to 31st March 2020

	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 2019	200	22.33	2,100	234.51	6,801	759.46	11,991	1,339.03	21,092	2,355.33
Transfer, see “Proposed profit appropriation”	-	-	-	-	1,573	175.66	2,317	258.74	3,890	434.39
Revaluation of interest rate swap	-	-	-	-	-	-	309	34.51	309	34.51
Tax on changes in equity	-	-	-	-	-	-	(68)	(7.59)	(68)	(7.59)
Reversal on revalutaion	-	-	(83)	(9.27)	-	-	83	9.27	-	-
Equity at 31 March 2020	**200**	**22.33**	**2,017**	**225.24**	**8,374**	**935.12**	**14,632**	**1,633.95**	**25,223**	**2,816.64**

Exchange rate : as at 31st Mar 20 is 1 DKK = Rs 11.1669

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.3915

Balance sheet

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		**24,779**	**2,767.06**	25,680	2,668.53
Investments	5				
Investments in subsidiary		**9,374**	**1,046.79**	7,801	810.64
		9,374	**1,046.79**	7,801	810.64
Total non-current assets		**34,153**	**3,813.85**	33,481	3,479.17
Current assets					
Receivables					
Amounts owed by group companies		**18,330**	**2,046.90**	9,337	970.25
Cash at bank and in hand		**10**	**1.12**	8	0.83
Total current assets		**18,340**	**2,048.02**	9,345	971.08
Total assets		**52,493**	**5,861.87**	42,826	4,450.25
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**22.33**	200	20.78
Reserve for revaluation of land and buildings		**2,017**	**225.24**	2,100	218.22
Reserve for net revaluation under the equity method		**8,374**	**935.12**	6,801	706.72
Retained earnings		**14,632**	**1,633.95**	11,991	1,246.04
Total equity		**25,223**	**2,816.64**	21,092	2,191.77
Provisions					
Provision for Deferred tax		**2,604**	**290.79**	2,551	265.09
Total provisions		**2,604**	**290.79**	2,551	265.09
Liabilities					
Non-current liabilities other than provisions	6				
Mortgage credit institutions		**11,003**	**1,228.70**	11,920	1,238.66
		11,003	**1,228.70**	11,920	1,238.66
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions	6	**916**	**102.29**	916	95.19
Amounts owed to group enterprises		**9,848**	**1,099.72**	3,156	327.95
Other payables		**1,634**	**182.47**	1,939	201.49
Deferred income		**1,265**	**141.26**	1,252	130.10
		13,663	**1,525.74**	7,263	754.73
Total liabilities		**24,666**	**2,754.44**	19,183	1,993.39
Total equity and liabilities		**52,493**	**5,861.87**	42,826	4,450.25

1 Accounting Policies

7 Charges, collateral & contingencies, etc.

8 Related parties

Financial statements for the period 1 April 2019 – 31 March 2020

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in “Other receivables” and “Other payables”, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, 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.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year’s expenses relating to the Company’s core activities, including administrative expenses.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value plus any revaluation, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	50 years

Land is not depreciated.

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities’ profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year’s expected taxable income and the year’s deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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 fair value of land and buildings are recognized. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

In connection with significant changes in the fair value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. Revaluations and reversals hereof, less deferred tax, are taken directly to equity.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group’s accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity’s net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Cash

Cash comprise cash.

Equity

Revaluation reserve

The reserve comprises revaluations of property, plant and equipment/investments in subsidiaries and associates relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can 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

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Financial expenses

DKK'000	2019/20	2018/19
Interest income, group companies	**384**	297
	384	297

3 Tax on profit for the year

DKK'000	2019/20	2018/19
Joint taxation contribution for the year	600	548
Adjustment of deferred tax	53	53
	653	601

4 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2019	41,408
Cost at 31 March 2020	41,408
Revaluations at 1 April 2019 / 31 March 2020	4,080
Impairment losses and depreciation at 1 April 2019	-19,808
Impairment losses and depreciation for the year	-901
Impairment losses and depreciation at 31 March 2020	-20,709
Carrying amount at 31 March 2020	**24,779**

5 Investments

DKK'000	2019/20
Cost at 1 April 2019	1,000
Cost at 31 March 2020	1,000
Value adjustments at 1 April 2019	6,801
Net profit for the year	1,573
Value adjustments at 31 March 2020	8,374
Carrying amount at 31 March 2020	**9,374**

Name	Rights and ownership
Group enterprises	
Boilerworks Properties ApS, Herning, Denmark	100 %

6 Non-current liabilities other than provisions

DKK'000	Total debt 1/4 2019	Total debt 31/3 2020	Repayment, next year	Long-term portion	Outstan-ding debt after 5 years
Mortgage credit institutions	12,836	11,920	916	11,003	7,338

7 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 24,779 thousand at 31 March 2020 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 11,920 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 25,102 thousand. (2018/19: DKK 36,336 thousand)

The Company has entered an interest rate swap contract concerning loan amounting to DKK 8,120 thousand, with a net position as of 31 March 2020 of DKK -1,321 thousand. (2018/19: DKK -1,631 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	*Registered Office*	*Auditors*
Mundt Holger - Managing Director Rabindranath Pillai Rakesh Tripathi Sandeep Mandke	Bertha - von - suttner - str. 9 28207 Breman, Germany HRB 3148	JFS Treuhand & Rivision Jendroschek Feindler Schokz Stefen Rauber Parkallee 5 28209 Breman, Germany PR 121

Audit 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, 2019 to March 31, 2020, 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, 2019 to March 31, 2020 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 27, 2020

Kaiser

(Wirtschaftsprüfer)

(German Public Auditor)

Balance Sheet as at 31 March 2020

ASSETS

		2019-20		2018-19	
		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	**4,621**	**3.85**	6,148	4.77
	2. Other equipment, factory and office equipment	**100,341**	**83.61**	71,546	55.50
	3. Advance payments	–	–	2,242	1.74
		104,961	**87.46**	79,936	62.00
B.	**Current assets**				
I.	**Stocks**				
	1. Finished goods and unfinished goods	**1,001,115**	**834.17**	937,101	726.87
	2. Advance payments received for projects	–	–	–	–
		1,001,115	**834.17**	937,101	726.87
II.	**Debtors and other assets**				
	1. Trade debtors	**322,811**	**268.98**	293,028	227.29
	2. Other assets	**5,920**	**4.93**	1,119	0.87
		328,731	**273.91**	294,147	228.16
III.	**Cash-in-hand, postal giro balances and bank balances**	**2,385**	**1.99**	2,690	2.09
C.	**Prepaid expenses**	**8,641**	**7.20**	4,471	3.47
		1,445,834	**1,204.73**	1,318,348	1,022.58

EQUITY AND LIABILITIES

		2019-20		2018-19	
		EUR	**Rs Lacs**	EUR	Rs Lacs
A.	**Equity**				
I.	**Subscribed capital**	**716,469**	**596.99**	716,469	555.73
II.	**Unappropriated profits brought forward**	**(195,654)**	**(163.03)**	(334,749)	(259.65)
III.	**Net income for the year**	**151,846**	**126.52**	139,095	107.89
		672,661	**560.49**	520,815	403.97
B.	**Provisions**				
Other provisions		**113,499**	**94.57**	123,512	95.80
C.	**Creditors**				
1.	Liabilities to banks	**474,219**	**395.14**	512,467	397.50
2.	Trade creditors	**123,340**	**102.77**	103,036	79.92
3.	Other creditors	**62,116**	**51.76**	58,518	45.39
		659,674	**549.67**	674,021	522.81
-of with taxes : EUR 28,422.96 (2019: TEURO 15)					
		1,445,834	**1,204.73**	1,318,348	1,022.58

Exchange rate : as at 31st Mar 20 is 1 Euro = Rs 83.3241

Exchange rate : as at 31st Mar 19 is 1 Euro = Rs 77.5655

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Income Statement
for the financial year from April 1,2019 to March 31,2020

		2019-20		2018-19	
		EUR	**Rs Lacs**	EUR	Rs Lacs
1.	Turnover	**3,416,038**	**2,846.38**	3,320,683	2,575.71
2.	Inventory changes- finished and unfinished goods	**64,013**	**53.34**	(27,306)	(21.18)
3.	Other operating income	**216,270**	**180.20**	185,498	143.88
		3,696,321	**3,079.93**	3,478,875	2,698.41
4.	Cost of materials				
	a) Cost of raw materials, consumables and goods for resale	**943,609**	**786.25**	817,300	633.94
	b) Cost for purchased services	**120,329**	**100.26**	126,463	98.09
		1,063,938	**886.52**	943,763	732.04
5.	Staff costs				
	a) Wages and salaries	**1,638,035**	**1,364.88**	1,570,834	1,218.43
	b) Social security, pension and other benefits	**343,700**	**286.39**	307,626	238.61
		1,981,735	**1,651.26**	1,878,460	1,457.04
6.	Amortisation and depreciation of fixed intangible and tangible assets	**32,570**	**27.14**	28,936	22.44
7.	Other operating charges	**451,682**	**376.36**	469,721	364.34
		2,465,986	**2,054.76**	2,377,118	1,843.83
8.	Other interest receivable and similar income	**–**	**–**	–	–
9.	Interest payable and other similar charges	**14,551**	**12.12**	18,898	14.66
10.	Profit on ordinary activities	**151,846**	**126.52**	139,095	107.89
11.	Taxes on profit	**–**	**–**	–	–
12.	Profit for the year	**151,846**	**126.52**	139,095	107.89

Notes to the Financial Statements for the financial year 01.04.2019-31.03.2020

A. General information on the annual financial statements

The annual financial statements as at 31 March 2020 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 27 employees were employed (previous year 28).

The annual accounts were produced before appropriation of net income.

E. Events of particular importance after the reporting date

The so-called corona virus has been spreading nationwide in Germany since January 2020. The Federal Government has implemented numerous measures, for example no contact. Production is currently being continued. Effects on the net assets, financial position and results of operations from April 1, 2020 cannot currently be predicted sufficiently reliably and were therefore not shown in the annual financial statements as of March 31, 2020.

Bremen, 14. April 2020

Rifox-Hans Richter GmbH Spezialarmaturen

Holger Mundt, Rabindranath Pillai, Rakesh Rampratap Tripath, Merchants Managing Director

Fixed Asset Movement Schedule to March 31, 2020

	Book value April 1, 2019	Additions	Reclassifications	Disposals	Depreciation	Write-up	Book value March 31, 2020
	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	6148.50	–	–	354.50	1,173.00	–	4,620.50
2. Other equipment, factory and office equipment	71,545.51	60,213.12	–	22.00	31,396.59	–	100,340.54
3. Advance payments	2,242.41	–	(2,242.41)	–	–	–	–
	79,936.42	60,213.12	(2,242.41)	376.50	32,569.59	–	104,961.04
	79,937.92	**60,213.12**	**(2,242.41)**	**376.50**	**32,569.59**	**–**	**104,962.54**

THERMAX SDN. BHD.
(Incorporated in Malaysia)

Board of Directors

Sandeep Shirsat
Jawahar Harinarayanan
Sandeep Mandke

Registered Office

Suite 50-4-3A
4th Floor, Wisma UOA Damansara
50, Jalan Dungun
50490 Kuala Lumpur

Auditors

Morison AAC PLT
Chartered Accountants
18 Jalan Pinggir 1/64, Jalan Kolam Air, Off
Jalan Sultan Azalan Shah (Jalan Ipoh),
51200 Kuala Lumpur, Malaysia

Bankers

Citi Bank, Malaysia

Principal place of business

Suite 50-4-3A
4th Floor, Wisma UOA Damansara
50, Jalan Dungun
50490 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 2020.

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 71,905**

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 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:

Sandeep Manohar Shirsat	(Appointed on 26 August 2019)
Jawahar Harinarayanan	(Appointed on 26 August 2019)
Sandeep Suresh Mandke	(Appointed on 23 October 2019)
Unnikrishnan Damodaran	(Resigned on 27 August 2019)
Kaustubh Arun Pathak	(Resigned on 27 August 2019)
Shailesh Bhalchandra Nadkarni	(Appointed on 26 August 2019, resigned on 23 October 2019)

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 holding company or subsidiaries of the holding company during the financial year except as follows:

	No. of ordinary shares			
	As at 1.4.2019	**Acquired**	**Disposed**	**As at 31.3.2020**
Interest in the immediate holding company - Thermax Limited				
Direct interest				
Sandeep Suresh Mandke	75	–	–	75
Shailesh Bhalchandra Nadkarni	500	–	–	500

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 the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 9 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 9 to the financial statements.

Other Statutory Information

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Company misleading.

No contingent or other liability of the Company has become enforceable, or is 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 AAC PLT (LLP0022843-LCA & AF001977), have expressed their willingness to accept re-appointment.

Morison AAC PLT (LLP0022843-LCA & AF001977) was registered on 8 January 2020 and with effect from that date, Morison AAC (AF001977) which was formerly known as Morison Anuarul Azizan Chew (AF001977), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

SANDEEP MANOHAR SHIRSAT SANDEEP SURESH MANDKE

Date: 01 June 2020

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, SANDEEP MANOHAR SHIRSAT and SANDEEP SURESH MANDKE, two of the Directors of THERMAX SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 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 the financial position of the Company as of 31 March 2020 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

SANDEEP MANOHAR SHIRSAT SANDEEP SURESH MANDKE

Date: 01 June 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT,2016

I, SANDEEP MANOHAR SHIRSAT, 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 SANDEEP MANOHAR)
SHIRSAT)
at PUCHONG, SELANGOR)

on this date of 01 June 2020) SANDEEP MANOHAR SHIRSAT

Before me,

COMMISSIONER FOR OATHS

THERMAX SDN. BHD.
(Incorporated in Malaysia)

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 2020, 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 2020, 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 AAC PLT	TANG YAN YU
(LLP0022843-LCA & AF001977)	Approved Number: 03452/10/2021 J
Chartered Accountants	Chartered Accountant

Date: 01 June 2020

Statement of Financial Position As At 31 March 2020

	Notes	2020 RM	2020 Rs Lacs	2019 RM	2019 Rs Lacs
Non-Current assets					
Property, Plant and Equipment	3	**426**	**0.07**	503	0.09
Current Assets					
Other receivables	4	**47,380**	**8.30**	38,576	6.54
Amount owing by immediate Holding Company	5	**404,140**	**70.79**	620,927	105.24
Amount owing by Director	6	**9,059**	**1.59**	78	0.01
Cash & Bank Balance		**370,887**	**64.97**	164,898	27.95
		831,466	**145.65**	824,479	139.74
Current Liabilities					
Other Payables	7	**34,550**	**6.05**	75,189	12.74
Tax Payable		**24,206**	**4.24**	48,562	8.23
		58,756	**10.29**	123,751	20.97
Net Current assets		**772,710**	**135.35**	700,728	118.76
		773,136	**135.43**	701,231	118.85
Financed By:					
Share Capital	8	**500,002**	**87.58**	500,002	84.74
Retained Profits		**273,134**	**47.84**	201,229	34.11
Shareholder's fund		**773,136**	**135.43**	701,231	118.85

Approved by the Board of Directors on 1st June, 2020 and signed on its behalf by:-:

Sandeep Shirsat
Director

Sandeep Mandke
Director

Statement of Changes In Equity
For The Financial Year Ended 31 March 2020

	Share Capital RM	Share Capital Rs Lacs	Retained Profits RM	Retained Profits Rs Lacs	Total RM	Total Rs Lacs
At 1 April 2019	500,002	87.58	201,229	35.25	701,231	122.83
Profit / Total comprehensive income for the year	–	–	71,905	12.60	71,905	12.60
At 31 March 2020	**500,002**	**87.58**	**273,134**	**47.84**	**773,136**	**135.43**
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**

Statement of Profit or Loss And other Comprehensive Income
For The Financial Year Ended 31 March 2020

	Notes	2020 RM	2020 Rs Lacs	2019 RM	2019 Rs Lacs
Revenue		–	–	–	–
Other Operating income		**1,808,940**	**316.87**	1,699,637	288.06
Administration Expenses		**(1,692,611)**	**(296.49)**	(1,583,208)	(268.33)
Profit Before Taxation	9	**116,329**	**20.38**	116,429	19.73
Taxation	10	**(44,424)**	**(7.78)**	(80,781)	(13.69)
Profit / Total comprehensive income for the financial year		**71,905**	**12.60**	35,648	6.04

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2020 is 1 RM = Rs 17.52
Exchange Rate : as at 31 March 2019 is 1 RM = Rs 16.95

Statement of Cash Flows
For The Financial Year Ended 31 March 2020

	2020 RM	2020 Rs Lacs	2019 RM	2019 Rs Lacs
Cash Flows From Operating Activities				
Profit before taxation	**116,329**	**20.38**	116,429	19.73
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	**116,406**	**20**	118,006	20
Changes in working capital				
Other receivables	**(8,804)**	**(1.54)**	(4,239)	(0.72)
Amount owing by immediate holding company	**216,787**	**37.97**	112,920	19.14
Other Payables	**(40,639)**	**(7.12)**	(14,509)	(2.46)
Amount Owing to a Director	**(8,981)**	**(1.57)**	(8,093)	(1.37)
	158,363	**27.74**	86,079	14.59
Cash used in operations	**274,769**	**48.13**	204,085	34.59
Tax paid	**(68,780)**	**(12.05)**	(41,590)	(7.05)
Net cash used in operating activities	**205,989**	**36.08**	162,495	27.54
Cash flows from investing activities				
Purchase of property, plant and equipment	–	–	–	–
	-	–	–	–
Net decrease in cash and cash equivalents	**205,989**	**36.08**	162,495	27.54
Cash and cash equivalents at the beginning of the financial year	**164,898**	**28.88**	2,403	0.41
Cash and cash equivalents at end of the financial year	**370,887**	**64.97**	164,898	27.95
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	**370,887**	**64.97**	164,898	27.95

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, 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 Directors are of the opinion that there are currently no areas where a higher degree of judgement or complexity, or areas where significant assumptions and estimates are exercised in the Company.

(b) Functional and presentation currencies

Items included in the financial statements of each 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 Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(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) Impairment of non-financial assets

The carrying amounts of non-financial assets (excluding inventories, deferred tax assets, investment property measured at fair value and biological assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. An impairment loss in respect of goodwill is not reversed. Other impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss unless it reverses an impairment loss on a revalued asset in which it is taken to the revaluation reserve in the financial year in which the reversals are recognised.

(e) 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.

(f) 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:

(a) returns to the holder are fixed or determinable;

(b) 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

(c) 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.

(g) 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.

(h) 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.

Operating lease

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.

(i) Current and deferred income tax

Income tax expense for the period comprises current and deferred income 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 current 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.

(j) 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.

(k) 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.

3. Property, Plant and Equipment

	Office equipment
	RM
Cost	
At 1.4.2019/31.3.2020	770
Accumulated depreciation	
At 1.4.2019	267
Charge for the financial year	77
At 31.3.2020	344
Carrying amount	
At 31.3.2020	426
At 31.3.2019	503
Depreciation charge for the financial year ended 31.3.2019	77

4. Other Receivables

	2020	2019
	RM	RM
Other receivable	**24,607**	16,883
Deposit	**22,773**	21,693
	47,380	38,576

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 a Director
This represents non-trade in nature, unsecured, interest-free advances and repayable on demand.

7. Other Payables

	2020	2019
	RM	RM
Other payables	**4,950**	–
Accruals	**29,600**	75,189
	34,550	75,189

8. Share Capital

	Number of ordinary shares		Amount	
	2020	**2019**	**2020**	**2019**
	Units	**Units**	**RM**	**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/(crediting):

	2020	2019
	RM	RM
Auditors' remuneration		
- Current year	**6,500**	5,400
- Under provision in prior year	**1,100**	100
Directors' remuneration		
- Salary and allowances	**259,277**	261,226
- Benefits in kind	**129,205**	165,213
Depreciation of property, plant and equipment	**77**	77
Deposit written-off	**–**	1,500
Loss/(Gain) on realised foreign exchange	**3,830**	(2,062)
Rental		
- Office	**14,000**	12,000
- Others	**–**	9,750

10. Taxation

	2020	2019
	RM	RM
Current taxation:		
- Current year	**51,099**	60,328
- (Over)/Under provision in prior year	**(6,675)**	20,453
	44,424	80,781

Income tax is calculated at the statutory rate of 24% (2019: 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:

	2020	2019
	RM	**RM**
Profit before taxation	**116,329**	116,429
Taxation on statutory tax rate of 24% (2019: 24%)	**27,919**	27,943
Expenses not deductible for tax purposes	**23,180**	32,385
(Over)/Under provision of taxation in prior year	**(6,675)**	20,453
Taxation for the financial year	**44,424**	80,781

11. Staff Information

	2020	2019
	RM	**RM**
Staff costs (excluding Directors)	**868,171**	737,477

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM16,682 (2019: RM6,640).

The total number of employees of the Company (excluding Directors) at the end of the financial year was 4 (2019: 4).

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:

	2020	2019
	RM	RM
Administration fee charged to immediate holding company	**1,808,940**	1,697,575

13. Financial Instruments

The table below provides an analysis of financial instruments and their categories in which they are subsequently measured:

	2020	2019
	Amortised costs	Amortised costs
	RM	RM
Financial assets		
Other receivables	47,380	38,576
Amount owing by immediate holding company	404,140	620,927
Amount owing by a Director	9,059	78
Cash and bank balances	370,887	164,898
	831,466	824,479
Financial liability		
Other payables	34,550	75,189

14. Date of Authorisation for Issue

The financial statements of the Company for the financial year 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 01 June 2020.

BOILERWORKS A/S

Board of Directors	*Registered Office*	*Auditors*
Rakesh Rampratap Tripathi(Chairman) Rajendran Arunachalam (Vice chairman) Peter Overgaard (CEO)	Nordager 19, DK- 6000, Kolding	Emst & Yound Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg

Executive Directors

Peter Overgaard (CEO)

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 2019 – 31 March 2020

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020.

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.

Kolding, 12 June 2020

Executive Board:

Peter Overgaard

Board of Directors:

Rakesh Rampratap Tripathi Chairman	Rajendran Arunachalam Vice Chairman	Peter Overgaard

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 2019 – 31 March 2020, 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 April 2019 – 31 March 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. •

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 12 June 2020
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	Nordager 19
Zip code, city	DK 6000 Kolding
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Kolding
Financial year	1 April – 31 March
Telephone	+45 73 64 48 50
Board of Directors	Rakesh Rampratap Tripathi (Chairman) Rajendran Arunachalam (Vice Chairman) Peter Overgaard
Executive Board	Peter Overgaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Gross profit	**48**	-4,199	13,086	8,800	11,773
Ordinary operating profit/loss	**-9,400**	-17,055	52	-2,619	429
Profit/loss before tax	**-10,230**	-17,687	129	-2,770	66
Profit/loss for the year	**-7,981**	-13,797	106	-2,164	191
Total assets	**33,365**	38,126	36,777	27,428	26,566
Investment in property, plant and equipment	**95**	1,045	308	789	660
Equity	**3,711**	–13,284	615	355	2,531
Financial ratios					
Equity ratio	**11.1**	–	1.7	1.3	9.5
Return on equity	**–**	–	21.9	-149.9	7.9
Average number of full-time employees	**50**	82	82	82	78

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 Kolding, 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.

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.

Development in activities and financial position

Boilerworks is highly active within the area of service, and the Company has been able to maintain its position as one of the leading operators in Scandinavia within this segment.

During the year, the production facility in Toender has been closed together with the office in Esbjerg and Boilerworks is now located in offices in Kolding.

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 1 project.

The result for the year before tax is DKK -10,230 thousand and result after tax DKK -7,981 thousand.

Events after the balance sheet date

It is not yet known to what extent the company will be affected by the COVID-19 outbreak, but management is monitoring the situation closely in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019 annual report is required.

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.

Future outlook

Boilerworks' total volume of orders at the end of the financial year is lower than previous years as the focus now is more on service jobs.

Boilerworks will focus on the Lean concept, the optimisation 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 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 prices agreed.

Besides the above mentioned regarding COVID-19, 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.

The growing, necessary global political focus on CO_2 will contribute in the long term to making our CO_2-neutral products within biofuels even more relevant and will contribute to securing Boilerworks' continued positive development.

Satisfactory results are expected for the financial year 2020/21.

BOILERWORKS A/S

Financial statements 1 April 2019 – 31 March 2020

Balance Sheet at 31 March 2020

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	4				
Completed development projects		**1,321**	**147.52**	2,296	238.59
Patents and licences		**–**	**–**	8	0.83
Goodwill		**1,381**	**154.22**	1,487	154.52
		2,702	**301.73**	3,791	393.94
Property, plant and equipment	5				
Plant and machinery		**549**	**61.31**	1,146	119.09
Fixtures and fittings, tools and equipment		**373**	**41.65**	381	39.59
		922	**102.96**	1,527	158.68
Total non-current assets		**3,624**	**404.69**	5,318	552.62
Current assets					
Inventories					
Raw materials and consumables		**1,221**	**136.35**	2,298	238.80
Semi Finished Goods		**350**	**39.08**	388	40.32
		1,571	**175.43**	2,686	279.11
Receivables					
Trade receivables		**4,279**	**477.83**	6,714	697.68
Work in progress (customer-specific orders)	6	**20,265**	**2,262.98**	14,000	1,454.81
Amounts owed by group enterprises		**–**	**–**	6,309	655.60
Deferred Tax	7	**820**	**91.57**	–	–
Other receivables		**1,629**	**181.91**	848	88.12
Prepayments	8	**277**	**30.93**	232	24.11
		27,270	**3,045.23**	28,103	2,920.31
Cash at bank and in hand		**900**	**100.50**	2,019	209.80
Total current assets		**29,741**	**3,321.16**	32,808	3,409.23
Total assets		**33,365**	**3,725.85**	38,126	3,961.85
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**55.83**	500	51.96
Reserve for Development projects		**1,030**	**115.02**	1,791	186.11
Retained earnings		**2,181**	**243.55**	(15,575)	(1,618.47)
Total equity		**3,711**	**414.41**	(13,284)	(1,380.40)
Provisions					
Deferred tax	7	**–**	**–**	1,155	120.02
Other provisions	9	**550**	**61.42**	300	31.17
Total provisions		**550**	**61.42**	1,455	151.20
Liabilities					
Non-current liabilities other than provisions					
Lease liabilities	10	**485**	**54.16**	720	74.82
		485	**54.16**	720	74.82
Current liabilities					
Current portion of non-current liabilities other than provisions	10	**235**	**26.24**	235	24.42
Bank loans		**–**	**–**	5,998	623.28
Prepayments received from customers	6	**1,704**	**190.28**	4,259	442.57
Trade payables		**5,339**	**596.15**	7,351	763.88
Amounts owed to group enterprises		**14,065**	**1,570.58**	22,793	2,368.53
Other payables		**7,277**	**812.62**	8,599	893.56
		28,620	**3,195.87**	49,235	5,116.24
Total liabilities		**29,105**	**3,250.03**	49,955	5,191.06
Total Equity And liabilities		**33,365**	**3,725.85**	38,126	3,961.85
Accounting policies	1				
Employee relations	11				
Charges, collateral and contingencies, etc.	12				
Related parties	13				

Income Statement

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
Gross profit		**48**	**5.36**	(4,199)	(436.34)
Sales and distribution costs		**(3,583)**	**(400.11)**	(2,064)	(214.48)
Administrative expenses		**(5,865)**	**(654.94)**	(10,792)	(1,121.45)
Operating (Loss)/ Profit		**(9,400)**	**(1,049.69)**	(17,055)	(1,772.26)
Financial income		**2,139**	**238.86**	1,676	174.16
Financial expenses	2	**(2,969)**	**(331.55)**	(2,308)	(239.83)
Profit / (Loss) before tax		**(10,230)**	**(1,142.38)**	(17,687)	(1,837.94)
Tax on profit / (loss) for the year	3	**2,249**	**251.14**	3,890	404.23
Profit / (Loss) for the year		**(7,981)**	**(891.23)**	(13,797)	(1,433.71)

Statement of Changes in Equity

	Note	Share capital DKK'000	Share capital Rs Lacs	Reserve for development projects DKK'000	Reserve for development projects Rs Lacs	Retained earnings DKK'000	Retained earnings Rs Lacs	Total DKK'000	Total Rs Lacs
Equity at 1 April 2019		500	55.83	1,791	200.00	(15,575)	(1,739.25)	(13,284)	(1,483.42)
Transfer see "Proposed profit / loss appropriation"		–	–	(761)	(84.98)	(7,220)	(806.25)	(7,981)	(891.23)
Equity contribution from parent		–	–	–	–	25,000	2,791.74	25,000	2,791.74
Change in value of hedging instruments		–	–	–	–	(32)	(3.57)	(32)	(3.57)
Tax on changes in equity		–	–	–	–	8	0.89	8	0.89
Equity at 31 March 2020		500	55.83	1,030	115.02	2,181	243.55	3,711	414.41

The contributed capital consists of 1 share at a nominal value of DKK 500,000

Exchange rate : as at 31st Mar 20 is 1 DKK = Rs 11.1669

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.3915

Financial statements 1 April 2019 – 31 March 2020
Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for the period 1 April 2019 – 31 March 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

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 date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, 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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on 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.

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 related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs relating to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purpose.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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, licences and 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.

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 sale and disposal of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale or disposal.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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 of the assets are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Plant and machinery	3-10 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 or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, 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 accounted for in the same way as the Company's other assets.

The capitalised residual lease liability 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.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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.

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 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 development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 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 is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 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.

Other provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required 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 are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 lease liability in respect of 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 expenses

DKK'000	2019/20	2018/19
Interest expense to group enterprises	**317**	51
Other interest expenses, including foreign exchange losses, etc.	**2,652**	2,257
	2,969	2,308

3 Tax on profit/loss for the year

DKK'000	2019/20	2018/19
Specified as follows:		
Current tax for the year	**-274**	-3,432
Deferred tax adjustment for the year	**-1,975**	-458
	-2,249	-3,890

4 Intangible assets

DKK'000	Completed development projects	Patents and licences	Goodwill	Total
Cost at 1 April 2019	3,134	792	2,116	6,042
Cost at 31 March 2020	3,134	792	2,116	6,042
Impairment losses and depreciation at 1 April 2019	838	784	629	2,251
Depreciation	975	8	106	1,088
Impairment losses and depreciation at 31 March 2020	1,813	792	735	3,340
Carrying amount at 31 March 2020	1,321	0	1,381	2,702

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 2019	7,625	894	8,519
Additions during the year	0	95	95
Disposals during the year	-3,582	-270	-3,852
Cost at 31 March 2020	4,043	719	4,762
Impairment losses and depreciation at 1 April 2019	6,479	513	6,992
Depreciation	482	103	585
Depreciation, disposals	-3,467	-270	-3,737
Impairment losses and depreciation at 31 March 2020	3,494	346	3,840
Carrying amount at 31 March 2020	549	373	922
Property, plant and equipment include finance leases with a carrying amount totalling	459	164	623

6 Work in progress (customer specific orders)

DKK'000	2019/20	2018/19
Work in progress	**98,845**	170,301
Payments on account	**-80,284**	-160,560
	18,561	9,741
Recognised as follows:		
Work in progress (customer specific orders) (assets)	**20,265**	14,000
Prepayments received from customers (liabilities)	**-1,704**	-4,259
	18,561	9,741

7 Deferred tax

DKK'000	2019/20	2018/19
Deferred tax at 1 April	**1,155**	1,613
Deferred tax adjustment	**-1,975**	-458
Deferred tax at 31 March	**-820**	1,155

8 Prepayments

Prepayments comprise prepaid insurance premium, and other prepaid costs.

9 Other provisions

Other provisions consists of custom warranties.

10 Non-current liabilities

DKK'000	Total liabilities at 31/03 2020	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Lease liabilities	720	235	485	0
	720	235	485	0

11 Employee relations

DKK'000	2019/20	2018/19
Wages and salaries	**29,963**	43,568
Pensions	**1,919**	2,696
Other social security costs	**114**	185
	31,996	46,449
Remuneration of the Executive Board and the Board of Directors	**0**	0
Average number of full-time employees	**50**	82

12 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 30 months total DKK 141 thousand, hereof DKK 94 thousand is falling due in 2020/21.

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 25,761 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

Thermax Denmark ApS holds the majority of the share capital in the Company.

Related party transactions

Transactions with related parties are specified as follows:

DKK'000	**2019/20**	2018/19
Financial expenses	**317**	51
Revenue	**8,699**	6,398
Production costs	**3,240**	3,999
Rent	**75**	2,040
Amounts owed by group companies (Receivables)	**0**	6,309
Amounts owed to group companies (Liabilities)	**14,065**	22,793
Equity contribution from parent	**25,000**	0

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	**2019/20**	2018/19
Transferred to reserves for development projects	**-761**	1,791
Transferred to reserves under equity	**-7,220**	-15,588
	-7,981	-13,797

BOILERWORKS PROPERTIES ApS

Executive Board	*Registered Office*	*Auditors*
Rakesh Rampratap Tripathi Rajendran Arunachalam	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 2019 – 31 March 2020.

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020.

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, 12 June 2020
Executive Board:

Rakesh Rampratap Tripathi Rajendran Arunachalam

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 2019 – 31 March 2020, 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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, 12 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorized Public Accountant mne3542	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	Rakesh Rampratap Tripathi Rajendran Arunachalam
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK-6700 Esbjerg

Management's review

Operating review

Principal activity

The Company's principal activity has been to own and lease out the property Papegøjevej 7, DK-6270 Tønder. During 2019-20, the property has been sold.

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 1,573 thousand as satisfactory.

Future outlook

The Company will be without activity for the upcoming fiscal year.

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 year 1 April 2019 to 31 March 2020

Income Statement

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
Gross profit		**1,712**	**191.18**	1,986	206.37
Impairment losses and depreciation		**(53)**	**(5.92)**	(126)	(13.09)
Operating profit		**1,659**	**185.26**	1,860	193.28
Financial income	2	**360**	**40.20**	221	22.97
Profit before tax		**2,019**	**225.46**	2,081	216.25
Tax on profit for the year	3	**(446)**	**(49.80)**	(458)	(47.59)
Profit for the year		**1,573**	**175.66**	1,623	168.65
Proposed profit appropriation					
Retained earnings		**1,573**	**175.66**	1,623	168.65
		1,573	**175.66**	1,623	168.65

Balance Sheet at 31 March 2020

	Note	2019/20 DKK'000	2019/20 Rs Lacs	2018/19 DKK'000	2018/19 Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	4				
Land and buildings		-	-	3,838	398.82
Total non-current assets		-	-	3,838	398.82
Current assets					
Receivables					
Amount owed by group enterprises		**9,848**	**1,099.72**	6,518	677.32
Prepayments		-	-	33	3.43
Cash at bank and in hand		**4**	**0.45**	214	22.24
Total current assets		**9,852**	**1,100.17**	6,765	702.98
Total assets		**9,852**	**1,100.17**	10,603	1,101.81
EQUITY AND LIABILITIES					
Equity					
Share capital		**80**	**8.93**	80	8.31
Retained earnings		**9,294**	**1,037.86**	7,721	802.32
Total equity		**9,374**	**1,046.79**	7,801	810.64
Provisions					
Provisions for deferred tax		-	-	17	1.77
Total Provisions		-	-	17	1.77
Liabilities					
Current Liabilities other than provisions					
Amounts owed to group companies		**463**	**51.70**	2,629	273.19
Other payables		**15**	**1.68**	156	16.21
Total liabilities		**478**	**53.38**	2,785	289.40
TOTAL EQUITY AND LIABILITIES		**9,852**	**1,100.17**	10,603	1,101.81

1 Accounting policies

5 Charges, collateral and contingencies, etc.

6 Related party - ownweship

Statement of Changes in Equity

	Share capital DKK'000	Share capital Rs Lacs	Retained earnings DKK'000	Retained earnings Rs Lacs	Total DKK'000	Total Rs Lacs
Equity at 1 April 2019	80	8.93	7,721	862.20	7,801	871.13
Transfer, see "Proposed profit appropriation"	-	-	1,573	175.66	1,573	175.66
Equity at 31 March 2020	80	8.93	9,294	1,037.86	9,374	1,046.79

Exchange rate : as at 31st Mar 20 is 1 DKK = Rs 11.1669

Exchange rate : as at 31st Mar 19 is 1 DKK = Rs 10.3915

Financial statements for the year 1 April 2019 – 31 March 2020

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks Properties ApS for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including administrative expenses.

Depreciation

The item comprises depreciation of property, plant and equipment.

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 of the assets are as follows:

Buildings	30 years

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of non-current assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash.

Equity

Dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate.

Other liabilities are measured at net realisable value.

DKK'000	**2019/20**	2018/19

2 Financial income

Interest income, group companies	360	221
	360	221

3 Tax on profit for the year

Joint taxation contribution for the year	446	452
Adjustment of deferred tax assets	-17	6
	429	458

4 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2019	4,623
Departure of the year	-4,623
Cost at 31 March 2020	0
Impairment losses and depreciation at 1 April 2019	-785
Impairment losses and depreciation for the year	-53
Depreciation departure	838
Impairment losses and depreciation at 31 March 2020	0
Carrying amount at 31 March 2020	0

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.

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***
Rajendran Arunachalam Hemant Prabhakar Mohgaonkar Ha Ling-Ling Pheroz Naswanjee Pudumjee	80, Robinson road, #25-00, Singapore- 068898	Pricewaterhouse Coopers LLP 8 Cross Street, # 17-00, PWC Building Singapore 048424

Directors' Statement

For the financial year ended 31 March 2020

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2020.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 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:

Hemant Prabhakar Mohgaonkar

Ha Ling-Ling

Pheroz Naswanjee Pudumjee

Rajendran Arunachalam (appointed on 20 September 2019)

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 31.03.2020	**At 1.4.2019**
Pheroz Naswanjee Pudumjee		
Immediate Holding Corporation		
– Thermax Limited	6,000	6,000
Amitabha Mukhopadhyay		
Immediate Holding Corporation		
– Thermax Limited	–	450
Rajendran Arunachalam		
Immediate Holding Corporation		
– Thermax Limited	500	–

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,

Rajendran Arunachalam	**Hemant Prabhakar Mohgaonkar**
Director	Director

Date: 9 June 2020

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 2020 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 2020;
- the balance sheet as at 31 March 2020;
- 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore,

Date: 9 June 2020

THERMAX ENGINEERING SINGAPORE PTE LTD

Statement of Comprehensive Income

For the financial year ended 31 March 2020

PARTICULARS	Notes	For the financial year ended 31 March 2020		For the financial year ended 31 March 2019	
		USD	Rs Lacs	USD	Rs Lacs
Interest Income from Bank deposits		**10,203**	**7.71**	–	–
Currency exchange loss - net		**(4,200)**	**(3.17)**	(361)	(0.25)
		6,003	**4.54**	(361)	(0.25)
EXPENSES					
– Professional and Legal Fees		**(101,242)**	**(76.49)**	(19,838)	(13.72)
– Employee Compensation	4	**(19,119)**	**(14.44)**	–	–
– Depreciation of Property, Plant & Equipment	8	**(24,454)**	**(18.47)**	–	–
– Bank charges		**(1,116)**	**(0.84)**	(2,050)	(1.42)
– Finance Expenses	9	**(2,173)**	**(1.64)**	–	–
– Others		**(34)**	**(0.03)**	(2,674)	(1.85)
Total Expenses		**(148,138)**	**(111.92)**	(24,562)	(16.98)
Loss before tax		**(142,135)**	**(107.38)**	(24,923)	(17.23)
Income tax expense	5	**–**	**–**	–	–
Loss after tax and total comprehensive loss		**(142,135)**	**(107.38)**	(24,923)	(17.23)

Balance Sheet as at 31 March 2020

PARTICULARS	Notes	2020		2019	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Current assets					
Cash & cash equivalents	6	**2,773,249**	**2,095.19**	2,964,257	2,049.78
Other current assets	7	**12,677**	**9.58**	3,502	2.42
		2,785,926	**2,104.77**	2,967,759	2,052.21
Non-current assets					
Property, plant and equipment	8	**381,085**	**287.91**	–	–
Investments in a subsidiaries	10	**19,963,155**	**15,082.16**	19,963,155	13,804.52
Total assets		**23,130,166**	**17,474.84**	22,930,914	15,856.73
LIABILITIES					
Current liabilities					
Other payables	11	**27,506**	**20.78**	8,483	5.87
Lease Liability	12	**112,900**	**85.30**	–	–
		140,406	**106.08**	8,483	5.87
Non Current Liabilities					
Lease Liability	12	**209,464**	**158.25**	–	–
Total Liabilities		**349,870**	**264.33**	8,483	5.87
Net assets		**22,780,296**	**17,210.51**	22,922,431	15,850.86
Equity					
Share capital	13	**22,984,356**	**17,364.68**	22,984,356	15,893.68
Retained earnings		**(204,060)**	**(154.17)**	(61,925)	(42.82)
Total Equity		**22,780,296**	**17,210.51**	22,922,431	15,850.86

Exchange Rate : as at 31 March 2020 is 1 USD = Rs 75.55
Exchange Rate : as at 31 March 2019 is 1 USD = Rs 69.15

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

Approved by the Board of Directors on 9th June 2020 and signed on its behalf by:

Hemant Mohgaonkar
Director

Rajendran Arunachalam
Director

Statement of Changes in Equity

For the financial year ended 31 March 2020

	Share Capital		Accumulated Losses		Total Equity	
2020	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Beginning of financial year	22,984,356	17,364.68	(61,925)	(46.78)	22,922,431	17,317.90
Shares issued during the year	–	–	–	–	–	–
Total comprehensive loss	–	–	(142,135)	(107.38)	(142,135)	(107.38)
End of financial year	**22,984,356**	**17,364.68**	**(204,060)**	**(154.17)**	**22,780,296**	**17,210.51**
2019						
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**

Statement of Cash Flows

For the financial year ended 31 March 2020

PARTICULARS	**Notes**	**For the financial year ended 31 March 2020**		**For the financial year ended 31 March 2019**	
		USD	**Rs Lacs**	**USD**	**Rs Lacs**
Cash flow from operating activities					
Loss after tax		**(142,135)**	**(107.38)**	(24,923)	(17.23)
Adjustments for:					
– Interest income		**(10,203)**	**(7.71)**	–	–
– Interest expense		**2,173**	**1.64**	–	–
– Depreciation of Property, plant & equipment		**24,454**	**18.47**	–	–
		(125,711)	**(94.97)**	(24,923)	(17.23)
Changes in working capital:					
– Other Current assets		**(9,175)**	**(6.93)**	313	0.22
– Other Payables		**19,023**	**14.37**	(1,664)	(1.15)
Cash used in operations		**(115,863)**	**(87.53)**	(26,274)	(18.17)
Income Tax Paid		–	–	–	–
Net cash used in by operating activities		**(115,863)**	**(87.53)**	**(26,274)**	**(18.17)**
Cash flows from investing activities					
Interest received		**10,203**	**7.71**	–	–
Additions to property, plant & equipment		**(58,721)**	**(44.36)**	–	–
Capital injection in subsidiaries		–	–	(2,776,989)	(1,920.29)
Net cash used in investing activities		**(48,518)**	**(37)**	**(2,776,989)**	**(1,920)**
Cash flows from financing activities					
Principal repayment of lease liability		**(25,403)**	**(19.19)**	–	–
Interest paid		**(2,173)**	**(1.64)**	–	–
Proceeds from issuance of ordinary shares		–	–	5,184,356	3,584.98
Net cash provided by financing activity		**(27,576)**	**(20.83)**	5,184,356	3,584.98
Net increase/(decrease) in cash and cash equivalents		**(191,957)**	**(145.02)**	2,381,093	1,646.53
Cash and cash equivalents at beginning of financials year	6	**2,964,257**	**2,239.50**	583,164	403.26
Effects of currency translation on cash and cash equivalents		**949**	**0.72**	0	0
Cash and cash equivalents at end of financial year	6	**2,773,249**	**2,095.19**	2,964,257	2,049.78

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

Notes to the Financial Statements

For the financial year ended 31 March 2020

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 80 Robinson Road, #25-00, Singapore 068898.

The principal activity of the Company is that of an investment holding company.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement 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 2019

On 1 April 2019, 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 adoption of FRS 116 Leases.

Adoption of FRS 116 Leases

When the Company is the lessee

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.4.

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, an India-incorporated company, which produces consolidated financial statements available for public use. The registered office of Thermax Limited where the consolidated financial statements can be obtained is as follows: 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 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 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Leases

The accounting policy for leases before 1 April 2019 are as follows:

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

The accounting policy for leases after 1 April 2019 are as follows:

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use asset is measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use asset.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use asset is presented within "Property, plant and equipment".

- Lease liabilities

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Company's assessment of whether it will exercise an extension option; or

  – There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.6 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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 repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leased premise	3 years
Renovation	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Impairment of non-financial assets

Property, plant and equipment, right-of-use asset and 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.

2.8 Financial assets

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, other receivables 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. Accordingly, this group of financial assets are measured at amortised cost subsequent to initial recognition.

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 bank balances, other receivables 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 of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.9 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.

2.10 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

2.11 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 United States Dollar ("foreign currency") are translated into United States Dollar 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. 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.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'Net currency exchange loss'.

2.12 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.

2.13 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 judgements

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 2020 is $19,963,155 (2019: $19,963,155) (Note 10).

4. Employee compensation

	2020 US$	2019 US$
Wages and salaries	19,119	–

5. Income tax

	2020 US$	2019 US$
Tax expense attributable to loss is made up of:		
– Current income tax	–	–
– Foreign withholding taxes	–	–

The tax on the loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2020 US$	2019 US$
Loss before tax	**(142,135)**	(24,923)
Tax calculated at a tax rate of 17% (2019: 17%)	**(24,163)**	(4,237)
Effects of:		
– Expenses not deductible for tax purposes	**24,163**	4,237
Tax charge	**–**	–

6. Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank	**2,773,249**	2,964,257

7. Other current assets

	2020 US$	2019 US$
Deposits	**9,009**	3,502
Prepayments	**2,421**	–
Other receivables	**1,247**	–
	12,677	3,502

8. Property, plant and equipment

	Leased premise	Work-in-progress	Total
	US$	US$	US$
2020			
Cost			
Beginning of financial year	–	–	–
Additions	365,608	58,721	424,329
Revaluation adjustments	(18,790)	–	(18,790)
End of financial year	**346,818**	**58,721**	**405,539**
Accumulated depreciation			
Beginning of financial year	–	–	–
Depreciation charge	24,454	–	24,454
End of financial year	**24,454**	**–**	**24,454**
Net book value			
End of financial year	**322,364**	**58,721**	**381,085**

Right-of-use asset acquired under leasing arrangement is presented as leased premise. Details of such leased asset are disclosed in Note 9.

9. Lease - The Company as a lessee

Nature of the Company's leasing activity

Property

The Company leases office space for the purpose of regional office operations.

There is no externally imposed covenant on this lease arrangement.

(a) Carrying amounts

ROU asset classified within Property, plant and equipment

	31 March 2020 US$	1 April 2019 US$
Leased premise	346,818	–

(b) Depreciation charge during the year

	2020 US$
Leased premise	24,454

(c) Interest expense

	2020 US$
Interest expense on lease liabilities	2,173

(d) Total cash outflow for all lease in 2020 was US$27,576.

(e) Addition of ROU asset during the financial year 2020 was US$365,608.

10. Investment in subsidiaries

	2020 US$	2019 US$
Equity investments at cost		
Beginning of financial year	**19,963,155**	17,186,166
Additions	–	2,776,989
End of financial year	**19,963,155**	19,963,155

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activity	Country of business / incorporation	Equity holding 2020 %	Equity holding 2019 %
PT Thermax International Indonesia	Manufacture of component parts	Indonesia	99.996	99.996
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.

11. Other payables

	2020 US$	2019 US$
Accrual for operating expenses	**27,506**	8,483

12. Lease liability

	2020 US$	2019 US$
Current		
Lease liabilities	**112,900**	–
Non-current		
Lease liabilities	**209,464**	–
Total lease liabilities	**322,364**	–

Reconciliation of liabilities arising from financing activities

Name of company	1 April 2019 US$	Principal and interest payments US$	Non-cash changes US$ Addition US$	Interest expense US$	Foreign exchange movement US$	31 March 2020 US$
Lease liabilities	–	(27,576)	365,608	2,173	(17,841)	322,364

13. Share capital

The Company's share capital comprise fully paid-up 22,984,356 (2019: 22,984,356) ordinary shares with no par value, amounting to a total of $22,984,356 (2019: $22,984,356).

During the financial year ended 31 March 2019, the Company issued 5,184,356 ordinary shares for a total consideration of US$5,184,356. The newly issued shares rank pari passu in all respects with the previously issued shares.

14. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits. Financial risk management is carried out by the finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks.

(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 four 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
Performing	Debtor have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Under-performing	Debtor for which there is a significant increase in credit risk; significant increase in credit risk is presumed if interest and/or principal repayment are 360 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 720 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are more than 720 days past due and there is no reasonable expectation of recovery	Asset is written off

(iii) Impairment of financial assets

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payment greater than 730 days past due based on historical collection trend. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iv) Cash and cash equivalents

The Company held cash and bank deposits of US$2,773,249 (2019: US$2,964,257) with banks which are rated A (2019: A) based on Standard & Poor and consider to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	US$	US$	US$
At 31 March 2020			
Other payables	27,506	–	–
Lease liabilities	119,671	119,671	94,740
At 31 March 2019			
Other payables	8,483	–	–

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Directors monitors its capital based on net debt and total capital. Net debt is calculated as lease liability plus other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2020	2019
	US$	US$
Net debt	(2,423,379)	(2,964,257)
Total equity	22,780,296	22,922,431
Total capital	20,356,917	19,958,174

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.

The fair value of non-current lease liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of non-current lease liabilities are disclosed in Note 12.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2020	2019
	US$	US$
Financial assets, at amortised cost	2,783,505	2,967,759
Financial liabilities, at amortised cost	349,870	8,483

15. 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.

16. 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.

17. Event occurring after balance sheet date

In preparing these financial statements, the Company assessed its investments in subsidiaries for impairment (Note 10) and the recoverable amount of the relevant CGUs exceeds its carrying amount as at the balance sheet date. In performing this assessment, the Company estimated the present value of future cash flows of the CGUs based on the conditions as at balance sheet date. In the impairment assessment of investments in subsidiaries to be performed in 2021, the Coronavirus Disease 2019 ("COVID-19")19 outbreak and its impact on the present value of estimated future cash flows of the CGUs will be considered. Up to the date on which this set of financial statements is authorised for issue, the Company is still in the process of assessing the impact of the COVID-19 outbreak on the performance of the relevant CGUs, and is unable to estimate the financial impact to the Company's results for the financial year ending 31 March 2021.

18. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

19. 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 Pte Ltd on 9 June 2020.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner

Rajendran Arunachalam
Commissioner

Board of Directors

Jawahar Harinarayanan, President Director
Rajendran Arunachalam
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

STATEMENT OF DIRECTORS REGARDING RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AS OF 31 MARCH 2020 PT THERMAX INTERNATIONAL INDONESIA

I, the undersigned below:
Jawahar Harinarayan

Kondominium Simpruk Teras
Tower B Suite 506, Jakarta, Salatan
President Director
021-57957461

Confirm that:

1. I am responsible for the preparation and the presentation of the financial statements of PT THERMAX INTERNATIONAL INDONESIA ("the Company").

2. The financial statements of the Company for the year ended March 31, 2020 have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

3. a. All Information in the financial statements of the Company have been disclosed in a complete and truthful manner;

   b. The financial statements of the Company do not contain any false material information, or facts, not do they omit any material information or facts;

4. I am responsible for the Company's internal control system.

This statement is made truthfully.

Jawahar Harinarayanan
President Director

Jakarta
11 June 2020

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 2020, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Agung Purwanto
Purwantono, Sungkoro & Surja
Public Accountant Registration No. AP0687
11 June 2020

Statement of Financial Position as at 31 March 2020

	Note	2020		2019	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
CURRENT ASSETS					
Cash and cash equivalents	**4**	**3,124,241**	**144.81**	525,688	25.54
Trade Receivables	**5**	**16,196,017**	**750.68**	8,777,979	426.41
Unbilled Receivables	**6**	**17,259,269**	**799.96**	-	-
Advances and prepayments		**8,151,743**	**377.83**	8,971,176	435.80
Inventory	**7**	**14,082,599**	**652.72**	14,553,731	706.98
Prepaid Taxes	**12a**	**2,411,337**	**111.76**	8,922,885	433.45
Other receivables		**439,363**	**20.36**	63,200	3.07
Total current assets		**61,664,569**	**2,858.13**	41,814,659	2,031.25
NON-CURRENT ASSETS					
Prepaid tax	**12a**	**18,300,017**	**848.20**	8,476,443	411.76
Advances and prepayments		**308,258**	**14.29**	2,091,954	101.62
Intangible asset		**2,922,605**	**135.46**	4,033,983	195.96
Fixed assets	**8**	**148,624,487**	**6,888.70**	149,796,094	7,276.71
Total non-current assets		**170,155,367**	**7,886.65**	164,398,474	7,986.06
TOTAL ASSETS		**231,819,936**	**10,744.78**	206,213,133	10,017.31
CURRENT LIABILITIES					
Trade payables	**9**	**27,478,032**	**1,273.60**	9,398,779	456.57
Unearned revenue	**10**	**13,330,095**	**617.85**	22,875,880	1,111.25
Taxes Payables	**12b**	**370,246**	**17.16**	126,161	6.13
Accrued expenses and other payables	**11**	**20,416,521**	**946.30**	8,786,232	426.81
Bank overdraft	**13**	**17,288,436**	**801.31**	2,195,845	106.67
Total current liabilities		**78,883,330**	**3,656.22**	43,382,897	2,107.43
NON-CURRENT LIABILITIES					
Long term employee benefit liabilities		**389,725**	**18.06**	296,797	14.42
Other Non-Current Liablities		**1,183,169**	**54.84**	405,328	19.69
Total non-current liabilities		**1,572,894**	**72.90**	702,125	34.11
TOTAL LIABILITIES		**80,456,224**	**3,729.12**	44,085,022	2,141.54
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	**14**	**244,000,000**	**11,309.33**	244,000,000	11,852.90
Accumulated losses		**(92,636,288)**	**(4,293.66)**	(81,871,889)	(3,977.13)
Total equity		**151,363,712**	**7,015.66**	162,128,111	7,875.77
TOTAL LIABILITIES AND EQUITY		**231,819,936**	**10,744.78**	206,213,133	10,017.31

Exchange Rate: as at 31 March 2020 is 1 IDR = INR 0.00463

Exchange Rate: as at 31 March 2019 is 1 IDR = INR 0.00486

PT THERMAX INTERNATIONAL INDONESIA

Statement of Comprehensive Loss for the year ended 31 March 2020

	Note	2020		2019	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Revenue	**16**	**198,162,637**	**9,184.78**	77,468,249	3,763.21
Other Income		**328,860**	**15.24**	187,781	9.12
		198,491,497	**9,200.02**	77,656,030	3,772.33
Cost of raw materials and components consumed	**17**	**149,775,670**	**6,942.06**	56,776,543	2,758.06
(Increase) / decrease in inventories of finished goods, work in progress and traded goods	**17**	**1,311,705**	**60.80**	2,053,776	99.77
Employee benefits expense		**19,751,470**	**915.47**	17,336,501	842.16
Depreciation and amortisation expense		**6,305,379**	**292.25**	5,121,659	248.80
Selling and distribution expenses		**2,985,495**	**138.38**	1,772,295	86.09
Other operating expenses	**18**	**22,916,066**	**1,062.15**	20,584,600	999.95
Foreign exchange (loss)/gain, net		**6,257,204**	**290.02**	1,963,180	95.37
Total expenses		**209,302,989**	**9,701.13**	105,608,554	5,130.19
Loss before income tax		**(10,811,492)**	**(501.11)**	(27,952,524)	(1,357.86)
Income Taxes Paid	**12c**	**-**	**-**	(34,324)	1.67
Other comprehensive income that will be reclassified to profit or loss					
Re-measurement of defined benefit plans		**47,093**	**2.18**	47,158	2.29
Total comprehensive loss for the year/period		**(10,764,399)**	**(498.93)**	(27,939,690)	1,357.24

Statement of Changes in Equity for the year ended 31 March 2020

	Note No.	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 2018	14	**210,000,000**	**9,733.44**	**-**	**-**	**(53,932,199)**	**(2,499.74)**	**156,067,801**	**7,233.69**
Advances for shares subscription		-	-	-	-	-	-	-	-
Share Issuance		34,000,000	1,575.89	-	-	-	-	34,000,000	1,575.89
Loss for the year					-	(27,986,848)	(1,297.18)	(27,986,848)	(1,297.18)
Remeasurement of post-empolyment benefit obligations		-	-	-	-	47,158	2.19	47,158	2.19
Balance as at 31 March 2019	14	**244,000,000**	**11,309.33**	**-**	**-**	**(81,871,889)**	**(3,794.74)**	**162,128,111**	**7,514.59**
Advances for shares subscription		-	-	-		-	-	-	-
Share Issuance			-	-	-	-	-		-
Loss for the year			-		-	(10,811,492)	(501.11)	(10,811,492)	(501.11)
Remeasurement of post-empolyment benefit obligations		-	-	-	-	47,093	2.18	47,093	2.18
Balance as at 31 March 2020	14	**244,000,000**	**11,309.33**	**-**	**-**	**(92,636,288)**	**(4,293.66)**	**151,363,712**	**7,015.66**

Statement of Cash Flows for the year ended 31 March 2020

	Note	2020		2019	
		Rp'000	Rs Lakhs	Rp'000	Rs Lakhs
Cash flows from operating activities					
Loss before income tax expense		**(10,811,492)**	**(501.11)**	(27,952,524)	(1,357.86)
Adjustments for:					
Depreciation of fixed assets	8	**5,129,862**	**237.77**	4,520,917	219.61
Amortisation of intangible assets		**1,175,517**	**54.48**	600,740	29.18
Employee benefit liabilities		**140,021**	**6.49**	(476,321)	(23.14)
Provision for Warranties		**777,841**	**36.05**	388,434	18.87
Loss on Disposal of Fixed Assets		-	-	-	-
Interest Income		-	-	(8,300)	(0.40)
Interest Expenses		**568,554**	**26.35**	299,127	14.53
Unrealised foreign exchange loss/(gain)		-	-	-	-
Operating cash flows before changes in working capital		**(3,019,697)**	**(139.96)**	(22,627,927)	(1,099.21)
Changes in working capital:					
Trade Receivables		**(7,418,038)**	**(343.82)**	(7,553,377)	(366.92)
Unbilled receivables		**(17,259,269)**	**(799.96)**	-	-
Prepaid Value Added Tax		**(935,483)**	**(43.36)**	(2,181,869)	(105.99)
Advances and prepayments		**819,433**	**37.98**	(6,984,341)	(339.28)
Trade payables		**18,079,253**	**837.97**	2,532,567	123.03
Unearned Revenue		**(9,545,785)**	**(442.44)**	8,740,652	424.60
Accrued expenses and other payables		**11,406,557**	**528.69**	4,450,359	216.19
Other current liabilities		-	-	-	-
Inventory		**471,132**	**21.84**	(5,041,143)	(244.89)
Other receivables		**(376,163)**	**(17.44)**	(37,334)	(1.81)
Other taxes payable		**244,085**	**11.31**	(51,641)	(2.51)
Payment of corporate income tax		**(2,513,048)**	**(116.48)**	(878,936)	(42.70)
Refund of corporate income tax		**97,532**	**4.52**	-	-
Receipt of interest income		-	-	8,300	0.40
Net cash flows used in operating activities		**(9,949,491)**	**(461.16)**	(29,624,690)	(1,439.09)
Cash flows from investing activities					
Acquisition of fixed assets	8.22	**(1,911,853)**	**(88.61)**	(6,512,236)	(316.35)
Acquisition of intangible asset		**(64,140)**	**(2.97)**	(4,107,738)	(199.54)
Payments of advances for purchases of fixed assets		-	-	(1,298,561)	(63.08)
Net cash flows from investing activities		**(1,975,993)**	**(91.59)**	(11,918,535)	(578.97)
Cash flows from financing activities					
Proceeds from shares issuance		-	-	34,000,000	1,654.81
Payments of interest expense		**(568,554)**	**(26.35)**	(299,127)	(14.56)
Net cash flows provided from financing activities		**(568,554)**	**(26.35)**	33,700,873	1,640.26
Net (decrease)/increase in cash and cash equivalents		**(12,494,038)**	**(579.09)**	(7,842,352)	(377.81)
Cash and cash equivalents at the beginning of the period		**525,688**	**24.37**	6,172,195	299.83
Foreign exchange gain on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at the end of the period		**(11,968,350)**	**(554.73)**	(1,670,157)	(77.98)
Amount represented by bank overdrafts	13	**15,092,591**	**699.54**	2,195,845	106.67
Cash and cash equivalents at the end of the period	4	**3,124,241**	**144.81**	525,688	28.69

Notes to the Financial Statements as of March 31, 2020 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 14).

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, 2020 and 2019, the Company's Commissioner and Board of Directors were as follows:

		March 31, 2020	March 31, 2019
Commissioner	:	Mr. Rajendran Arunachalam	Mr. Amitabha Mukhopadhyay
President Director	:	Mr. Jawahar Harinarayanan	Mr. Jawahar Harinarayanan
Director	:	Mr. Rakesh Rampratap Tripathi	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, 2019, 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, 2019 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 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.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2019, which include the financial year beginning April 1, 2019, are as follows:

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, 2020 and 2019, the exchange rates used, were as follows (United States Dollars full amount):

	March 31, 2020	March 31, 2019
United States Dollars 1	16.367	14.244

c. Financial assets

(i) Classification

As at March 31, 2020 and 2019, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash in banks, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

The statement of cash flows has been prepared using the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

e. Trade and other receivables

Trade receivables are amounts due from customers for revenues recognised on the sale of goods and services in the ordinary course of business.

Other receivables are receivables from transactions other than the sale of goods and services.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

The collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The impairment loss is recognised in profit or loss. When trade and other receivables for which a provision has been recognised become uncollectible in a subsequent period, they are written off against the provision account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

f. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the moving average method for raw materials. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of directly attributable fixed and variable overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion, if any, and selling expenses.

Provision for obsolete and slow moving inventory is determined on the basis of estimated future sale of individual inventory items.

g. Prepayments

Prepayments are amortised on a straight-line basis over the estimated beneficial periods of the prepayments.

h. Intangible asset

Intangible asset consists of software acquired by the Company. Acquired software is capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of four years.

i. Fixed assets

Initial legal costs incurred to obtain land rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. The costs related to renewal of land rights are recognised as intangible assets and amortised during the period of the land rights 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	4-8
Tools and equipment	4
Vehicle	8

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 and sales incentives 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

Provisions for restructuring costs, legal claims, and environmental issues 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 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

<u>Classifications of financial assets and liabilities</u>

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 SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the accounting policies disclosed in Note 2c.

<u>Functional currency</u>

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

<u>Income taxes</u>

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.

<u>Useful lives of fixed assets</u>

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.

<u>Net realisable value of inventory</u>

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.

<u>Provision for defined benefits</u>

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, 2020	March 31, 2019
Cash on hand	**11.983**	9.544
Cash in banks	**3.112.258**	516.144
	3.124.241	525.688

5. TRADE RECEIVABLES

	March 31, 2020	March 31, 2019
Related parties (Note 18a)	**397.735**	125.233
Third parties	**16.200.170**	8.652.746
	16.597.905	8.777.979
Allowance for impairment losses of receivables	(401.888)	-
	16.196.017	8.777.979

On March 31, 2020, Management believes that the allowance for impairment losses is sufficient to cover possible losses from uncollectible receivables.

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, 2020	March 31, 2019
Overdue:		
0 - 30 days	**10.915.141**	5.509.992
30 - 90 days	**5.593.009**	3.257.487
> 90 days	**89.755**	10.500
	16.597.905	8.777.979

6. UNBILLED RECEIVABLES

Unbilled receivables represent portion of revenue which has been recognized in accordance with the progress of the projects which have been certified with customers but have not been invoiced in accordance with the working contract with customers.

7. INVENTORIES

	March 31, 2020	March 31, 2019
Raw materials	**13.400.567**	12.559.994
Work-in-progress	**313.028**	1.993.737
Finished goods	**369.004**	-
	14.082.599	14.553.731

As at March 31, 2020, there were no obsolete or impaired inventories.

8. FIXED ASSETS

	March 31, 2020				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81.257.182	-	-	-	81.257.182
Buildings	51.005.104	-	-	-	51.005.104
Machinery	23.096.805	3.087.612	-	-	26.184.417
Furnitures and fixtures	1.610.187	76.000	-	-	1.686.187
Computers	642.158	159.760	-	-	801.918
Office equipments	284.596	855	-	-	285.451
Tools and equipments	542.535	634.028	-	-	1.176.563
Vehicle	622.000	-	-	-	622.000
Construction in progress	-	-	-	-	-
	159.060.567	**3.958.255**	**-**	**-**	**163.018.822**
Accumulated depreciation					
Buildings	(5.514.469)	(2.550.255)	-	-	(8.064.724)
Machinery	(2.270.855)	(1.602.672)	-	-	(3.873.527)
Furnitures and fixtures	(777.192)	(399.360)	-	-	(1.176.552)
Computers	(352.286)	(158.368)	-	-	(510.654)
Office equipment	(168.378)	(67.908)	-	-	(236.286)
Tools and equipments	(155.378)	(273.553)	-	-	(428.931)
Vehicle	(25.915)	(77.746)	-	-	(103.661)
	(9.264.473)	**(5.129.862)**	**-**	**-**	**(14.394.335)**
Net book value	**149.796.094**				**148.624.487**

	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

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.

9. TRADE PAYABLES

	March 31, 2020	March 31, 2019
Related party (Note 18a)	**21.338.412**	5.076.773
Third parties	**6.139.620**	4.322.006
	27.478.032	9.398.779

Refer to Note 18 for details of related party transactions.

10. UNEARNED REVENUE

	March 31, 2020	March 31, 2019
Third parties	**13.330.095**	22.875.880

This account represents advances, which are received from customers.

11. ACCRUED EXPENSES AND OTHER PAYABLES

	March 31, 2020	March 31, 2019
Operational	**18.865.781**	7.754.416
Professional fees	**1.168.557**	162.500
Purchases of fixed assets (Note 22)	**223.732**	841.469
Others	**158.451**	27.847
	20.416.521	8.786.232

12. TAXATION

a. Prepaid taxes

	March 31, 2020	March 31, 2019
Current portion:		
Value Added Tax (''VAT'')	**2.411.337**	8.883.912
Prepaid tax article 26	**-**	38.973
	2.411.337	8.922.885
Non-current portion:		
Claim for VAT refund	**14.942.357**	7.534.299
Corporate income tax - 2020	**2.513.048**	-
Corporate income tax - 2019	**844.612**	844.612
Corporate income tax - 2018	**-**	97.532
	18.300.017	8.476.443

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisition and Business Activities.

b. Taxes payable

	March 31, 2020	March 31, 2019
Income tax Article 21	**161.575**	78.932
Income tax Article 23	**41.532**	29.076
Income tax Article 4(2)	**167.139**	16.894
Income tax Article 26	**-**	1.259
	370.246	126.161

c. Income tax expense

For the year ended March 31, 2020, 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, 2020	March 31, 2019
Loss before income tax	**(10.811.492)**	(27.952.524)
Income tax calculated at applicable tax rate	**2.702.873**	6.988.131
Tax effects:		
- Non-deductible expenses	**(2.069.987)**	(1.068.414)
- Unrecognised deferred tax assets	**(632.886)**	(5.919.717)
- Final tax	**-**	(34.324)
Income tax expense	**-**	(34.324)

The Company has an accumulated tax losses carried forward balance amounting to Rp70,273,346 which will expire between 2021 and 2025.

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.

13. BANK OVERDRAFT

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, 2020, the Company has utilised the bank facilities as follows:

- Amounted to Rp23,655,051 (2019: Rp19,057,740) for performance guarantee bond for certain customer.
- Amounted to Rp17,288,436 (2019: Rp2,195,845) for overdraft. During 2020, the overdraft was subject to interest at the rate of Jibor + 2.5% per annum. During 2020, the effective interest rate, which was charged, was at the rate of 7.6% (2019: 9.5%) per annum.

14. SHARE CAPITAL

The shareholders compositions as at 31 March 2020 and 2019 were as follows:

	March 31		
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

15. 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, 2020, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

16. REVENUE

	March 31, 2020	March 31, 2019
Sales of products	**197.033.232**	73.892.862
Sales of services	**1.129.405**	3.575.387
	198.162.637	77.468.249

17. COST OF GOODS SOLD RECONCILIATION

	March 31, 2020	March 31, 2019
Raw materials		
- At the beginning of the year	**12.559.994**	5.465.075
- Purchases	**150.616.243**	63.871.462
	163.176.237	69.336.537
- At the end of the year	**(13.400.567)**	(12.559.994)
- Raw materials used	**149.775.670**	56.776.543
- Direct labour and manufacturing overhead	**15.792.243**	3.308.299
- Allocated depreciation expense	**1.025.183**	4.295.315
Total production cost (brought forward)	**166.593.096**	64.380.157
Work in progress		
- At the beginning of the year	**1.993.737**	3.164.456
- At the end of the year	**(313.028)**	(1.993.737)
	1.680.709	1.170.719
Total cost of goods manufactured	**168.273.805**	65.550.876
Finished goods		
- At the beginning of the year	**-**	883.057
- At the end of the year	**(369.004)**	-
	(369.004)	883.057
Total cost of goods sold	**167.904.801**	66.433.933

18. OTHER OPERATING EXPENSES

	March 31, 2020	March 31, 2019
Labour	**4.313.559**	4.211.851
Consumables	**2.998.940**	1.499.157
Repairs and maintenance	**2.839.901**	1.059.354
Travelling and conveyance	**1.817.213**	2.524.518
Legal and professional fees	**1.475.681**	2.632.077
Bank	**1.383.699**	683.602
Utilities	**1.027.780**	933.017
Security charges	**823.744**	716.982
Communication	**718.044**	774.321
Rent and service charges	**717.735**	695.576
Interest	**568.554**	299.127
Advertising and exhibitions	**373.786**	1.274.094
Insurance	**306.108**	301.324
Sales commissions	**258.060**	506.684
Others	**3.293.262**	2.472.918
	22.916.066	20.584.602

19. 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
Thermax Energy and Environment Philippines Corporation	Under common control entity	Expenses reimbursement

a. Balances with related parties

	March 31, 2020	March 31, 2019
Trade receivables: (Note 5)		
Thermax Limited	**397.735**	125.233
Advance and prepayments - current portion:		
Thermax Limited	**281.861**	5.221.656
Other receivables:		
Thermax Limited	**386.072**	56.218
Thermax (Zhejiang) Cooling and Heating Engineering	**7.972**	6.982
	394.044	63.200
Trade payables: (Note 9)		
Thermax Limited	**19.841.421**	5.076.773
Thermax Energy and Environment Philippines Corporation	**1.496.991**	-
	21.338.412	5.076.773

b. Transactions with related parties

	March 31, 2020	March 31, 2019
Sales of finished goods:		
Thermax (Zhejiang) Cooling and Heating Engineering	**-**	303.060
Sales of services:		
Thermax Limited	**750.656**	126.007
	750.656	429.067

The sales of finished goods are based on cost plus certain margin agreed by both parties.

	March 31, 2020	March 31, 2019
Purchases of raw materials:		
Thermax Limited	**66.681.210**	27.759.597
Thermax (Zhejiang) Cooling and Heating Engineering	**-**	2.286.711
	66.681.210	30.046.308

The purchases of raw materials are based on cost plus certain margin agreed by both parties.

	March 31, 2020	March 31, 2019
Expenses reimbursement:		
Thermax Limited	**2.661.001**	56.148
Thermax Energy and Environment Philippines Corporation	**373.700**	-
Thermax (Zhejiang) Cooling and Heating Engineering	**-**	18.087
	3.034.701	74.235

The expenses being reimbursed are based on actual costs occurred.

c. Key management personnel compensation

Key management personnel includes Directors and a Commissioner. In 2020, the compensation for key management recorded in the financial statements amounted to Rp2,455,184 (2019: Rp1,803,094) only for the President Director of the Company. The compensation for the Company's Commissioner and other Directors were paid directly by Thermax Limited.

20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at March 31, 2020, the Company's financial assets which comprised cash and cash equivalents, trade receivables and other receivables with a total balance of Rp19,759,621 (2019: Rp9,366,867) were categorised as loans and receivables.

As at March 31, 2020, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables with a total balance of Rp47,894,553 (2019: Rp18,185,011) were categorised as other financial liabilities at amortised cost.

21. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors. The Board of Directors provides principles for overall risk management, including market, credit and liquidity risks.

a. Market risk

i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from cash in banks, trade receivables and trade payables denominated in foreign currency.

As at March 31, 2020, 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 Rp3,807,521 (2019: Rp546,481) 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, 2020, the total maximum exposure from credit risk was Rp19,759,621. (2019: Rp9,366,867). 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, 2020	March 31, 2019
Trade and other receivables:		
Related parties	**394.045**	63.200
Reputable or without recent history of collectibility issue	**16.597.905**	8.777.979
	16.991.950	8.841.179

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 Rp47,894,553 (2019: 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, 2020. 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, 2020	March 31, 2019
Investing activities:		
Acquisition of fixed assets through realization of advances	**1.822.670**	-
Acquisition of fixed assets through accrued expenses, including accrued interest (Note 11)	**223.732**	841.469

23. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in liabilities arising from financing activities in the cash flow statement are as follows:

	Balance April 1, 2019	**Additions (proceeds)**	**Deductions (repayments)**	**Foreign exchange movement**	**Balance March 31, 2020**
Interest expense	-	568.554	(568.554)	-	-

24. SUBSEQUENT EVENTS

a. Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020

On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction to the tax rates for corporate income tax payers and permanent establishments entities from previously 25% to become 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards, and further reduction of 3% for corporate income tax payers that fulfill certain criteria.

The new tax rates will be used as reference to measure the current and deferred tax assets and liabilities starting from the enactment date of the new regulation on March 31, 2020.

b. Uncertainty of macro economic

The Company's operation can be impacted by Covid-19 outbreak which was started in China and subsequently spread to other countries including Indonesia. The adverse effects of Covid-19 on the global economy and Indonesia include negative impacts on economic growth, increased credit risk, weakening exchange rates on foreign currencies and disruption of business operations.

The future impact of the Covid-19 outbreak on Indonesia and the Company are unclear at this time. An increase in the number of Covid-19 infections or prolonged outbreaks can adversely affect Indonesia and the Company. However, the future impact will also depend on the effectiveness of the policy response issued by the Government of the Republic of Indonesia.

As of the date of these financial statements, there has been a stagnation in Indonesia's economic growth. However, it is not yet possible to determine the specific impact on the business, revenue and recoverable value of the Company's assets and liabilities at this stage. These impacts will be reported in the financial statements when they can be known and estimated.

25. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on June 11, 2020.

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 General Manager and presented to the Combined General Meeting of June 10, 2020

Gentlemen,

According to the law and the statutes, we have convened this Combined General Meeting to report to you the situation and activity of our Company during the year ended 31 December 2019 and to submit for your approval the annual financial statements for the year.

Please note that, regarding the equity of the company, you will be voting on the opportunity to wind-up the company.

All the details and additional information required by the regulations in force have been made available to you within the legal timeframe. Then it will be proceeded to reading of the reports of the Auditor.

I. COMPANY'S ACTIVIT'ES DURING THE YEAR 2019

During the year ended 31/12/2019, the main events that have marked our activity are as follows:

This year was a fifth 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,

The tax re-assessment's main points are requalification of agreement between Thermax Senegal and Thermax Limited, India as subcontractor relationship and requalification of staff's employment contract.

In May 2019 the tax services thus served the Company with collection titles for the amount FCFA 2254 Million and followed by seizure of bank account and payment of bank balance.

Further the company has received title of payment during the year for FCFA 66 Million which a part of FCFA 2254 Million. The Company has submitted arbitration request to the Head of tax authorities as the reassessment is not technically grounded for the majority of the items challenged by the tax authorities. Decision on arbitration is awaited.

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. REVIEW OF THE STATEMENTS OF INCOME AND ALLOCATION PROPOSAL

The main aggregates for the year ended December 31. 2019 are as follows in thousands of FCFA:

Elements	**31/1212019**
Turnover	0
Added value	- 121731973
Operating income	- 121731973
Net Loss	- 121886913

We propose to allocate the profit as follow:

Net Loss	- 121886913

Following this allocation, the company's equity will be as follows: (in XOF)

Share capital	110 000 000
Legal reserve	22 000 000
Retained earning	(86 928 777)
Total	**45071223**

We thank you, in conclusion, for agreeing to discharge the General Manager as well as to your Statutory Auditor for the 2019 financial year and to adopt the resolutions which are proposed to you.

For **Thermax Senegal SARL**

The Manager

Umesh Barde

Bhavesh Chheda

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, 2019

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, 2019, 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, 2019, 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, 2019, 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.

Observation

Without qualifying our opinion above, we draw your attention to the following points:

1. Going concern

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 2019 under review despite the business plan put in place in 2019 to appoint new customer.

We received Thermax's going-concern assessment and we noted management's decision to continue the business and the sole shareholder's commitment to support the company by covering operational expenses.

2. Tax adjustment

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.

In May 2019, the tax services thus served the company with collection titles for a total amount of FCFA 2,254 million followed by a notice to third party holders served to the Citibank for seizure and payment of the bank balance.

Thermax Senegal refutes all of the adjustments and therefore did not recognize any accruals in its closed accounts at 31/12/2019.

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, 20 April 2020

KPMG
Sénégal

Ndiaga SARR
Senior Partner

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.

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 2019

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.

- **Modalities**
  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 2019 fiscal year, there were no payment made by Thermax Senegal pursuant to this agreement.

Dakar, 20 April 2020

KPMG Senegal

Ndiaga SARR
Senior Partner

Balance Sheet as at 31st December 2019

REF	ASSETS	Note	YEAR ENDED AT 31/12/2019		YEAR ENDED AT 31/12/2018	
			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		-	-		
BI	Customers	7	-	-		
BJ	Other Debtors	8	113,830,711	139.61	128,668,119	153.11
BK	**TOTAL CURRENT ASSET (2)**		**113,830,711**	**139.61**	**128,668,119**	**153.11**
BQ	Investment in Securities	9	-	-	-	-
BR	Bills to be cashed	10	-	-	-	-
BS	Banks, Postal Cheques, Cash	11	-	-	169,536,654	201.75
BT	**TOTAL LIQUID ASSETS (3)**		**-**	**-**	**169,536,654**	**201.75**
BU	Exchange conversion difference (4)	12	-	-	-	-
BZ	**GRAND TOTAL (1+2+3+4)**		**113,830,711**	**139.62**	**298,204,773**	**354.86**
	LIABILITIES					
CA	Capital	13	110,000,000	134.93	110,000,000	130.90
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	26.99	22,000,000	26.18
CG	Free Reserves	14	-	-	-	-
CH	Retained Earnings (+ ou -)	14	34,958,136	42.88	161,204,053	191.83
CJ	Profit or Loss for the Period (profit+ or loss-)		(121,886,913)	(149.51)	(46,245,917)	-55.03
CL	Capital Subvention, Investment grants and subsidies	15	-	-	-	-
CM	Regulated Provisions	15	-	-	-	-
CP	**TOTAL EQUITY AND ASSIMILATED LIABILITIES (I)**		**45,071,223**	**55.28**	**246,958,136**	**293.88**
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)**		**45,071,223**	**55.28**	**246,958,136**	**293.88**
DH	Current Liabilities or Outside Ordinary Activities and related resources	5	-	-	-	-
DI	Customers: Advances and Payments on Account Receivable	7	-	-	-	-
DJ	Trade Suppliers	17	31,284,760	38.37	24,818,400	29.53
DK	Tax and Social Liabilities	18	21,791,421	26.73	26,428,237	31.45
DM	Other Creditors	19	15,683,285	19.24		
DN	Provision for short term Risks	19	-	-	-	-
DP	**TOTAL CURRENT LIABILITIES (2)**		**68,759,466**	**84.34**	**51,246,637**	**60.98**
DQ	Bank, Discount Credits	20	-	-	-	-
DR	Bank, financial institution and Overdrafts	20	22.0	0.00	-	-
DT	**TOTAL LIQUID LIABILITIES (3)**		**22.0**	**-**	**-**	**-**
DV	Exchange differences (4)	19	-	-	-	0.00
DZ	**GRAND TOTAL (1 + 2 + 3+4)**		**113,830,711**	**139.62**	**298,204,773**	**354.86**

THERMAX SENEGAL SARL

Profit and Loss Statement for the year ended 31 st December 2019

REF	Narration			Note	YEAR ENDED AT 31/12/2019		YEAR ENDED AT 31/12/2018	
					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	-	-	-	-
TD	Accessory Products	D	+	21	-	-	-	-
XB	**TURNOVER : (A+B+C+D)**				**-**	**-**	**-**	**-**
TE	Output Stocked (or destocking)		-/+	6	-	-	-	-
TF	Output Capitalised			21	-	-	-	-
TG	Operating Subvention			21	-	-	-	-
TH	Other Incomes		+	21	-	0.00	3,573,003	4.25
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	-	0.00	19,600	0.02
RF	Stock Variation other purchases (- ou +)		-/+	6	-	-	-	-
RG	Transports		-	23	-	0.00	170,900	0.20
RH	External Services		-	24	51,864,350	63.62	37,382,333	44.48
RI	Taxes and Levies		-	25	-	0.00	6,468,480	7.70
RJ	Other Expenses		-	26	69,867,623	85.70	841,596	1.00
XC	**VALUE ADDED : (XB+RA+RB) + (Sum TE to RJ)**				**(121,731,973)**	**(149.31)**	**(41,309,906)**	**(49.16)**
RK	Staff Expenses		-	27	-	0.00	399,523	0.48
XD	**GROSS OPERATING PROFIT : (XC+RK)**				**(121,731,973)**	**(149.32)**	**(41,709,429)**	**(49.63)**
TJ	Written back for Depreciations and Provisions		+	28	-	-		
RL	Allowances for Depreciations and Provisions		-	3C&28	-	-	-	0.00
XE	**OPERATING PROFIT OR LOSS (+ or -) : (XD+TJ+RL)**				**(121,731,973)**	**(149.32)**	**(41,709,429)**	**(49.63)**
TK	Financial income and assimilated		+	29	-	-	-	0.00
TL	Written back for Financial Depreciations and Provisions		+	28	-	-	-	-
TM	Transfer of Financial Expenses		+	12	-	-	-	-
RM	Financial expenses and asimilated expenses		-	29	154,940.00	0.19	-	-
RN	Allowances for Financial Depreciations and Provisions		-	3C&28	-	-	-	-
XF	**FINANCIAL PROFIT OR LOSS (+ or -) : (Sum TK to RN)**				**(154,940.00)**	**(0.19)**	**-**	**-**
XG	**PROFIT OR LOSS FROM ORDINARY ACTIVITIES (+ or -) : (XE+XF)**				**(121,886,913)**	**(149.51)**	**-41,709,429**	**-49.63**
TN	Incomes of Sales of Fixed Assets		+	30	-	-	-	-
TO	Others incomes Outside Ordinary Activities		+	30	-	-	-	-
RO	Net book value of Sales of Fixed Assets		-	30	-	-	-	-
RP	Others Expenses Outside Ordinary Activities		-	30	-	-		-
XH	**PROFIT OR LOSS FROM OUTSIDE ORDINARY ACTIVITIES (O.O.A.) (+ ou -) : (Sum TN to RP)**				**-**	**-**	**-**	**-**
RQ	Workers Participation		-	30	-	-	-	-
RS	Company Income Tax		-	37	-	0.00	4,536,488	5.40
XI	**NET PROFIT OR LOSS (+ or -) : (XG+XH+RQ+RS)**				**(121,886,913)**	**(149.51)**	**-46,245,917**	**(55.03)**

CASH FLOW STATEMENT TEMPLATE

REF	HEADINGS		Note	YEAR ENDED AT 31/12/2019	YEAR ENDED AT 31/12/2018
				NET	NET
ZA	**NET TREASURY at 1er January** (Treasury Asset N-1 - Treasury Liability N-1)	A		**169 536 654**	**433 593 941**
	Cash Flow comes from Operating activity				
FA	**GLOBAL SELF-FINANCING CAPACITY: (GSFC)**			**-121 886 913**	**-46 245 917**
FB	(-) Variation of Current assets Off Ordinary Activities (OOA)				
FC	(-) Variation of Stocks Products and Work in Process				
FD	(-) Variation of Debtors			-14 837 408	-62 697 627
FE	(+) Variation of Liabilities(1)			17 512 829	-108 508 997
	Change in operating activities (FB+FC+FD+FE)			**32 350 237**	**-45 811 370**
ZB	**Casf flow from operating activities (Sum FA to FE)**	**B**		**-89 536 676**	**-92 057 287**
	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				
ZC	**Cash flow from investing activities (Sum FF to FJ)**	**C**			
	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)			80 000 000	172 000 000
ZD	**Cash flow from equity financing (Sum FK to FN)**	**D**		**-80 000 000**	**-172 000 000**
	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**		**-80 000 000**	**-172 000 000**
ZG	**NET CASH CHANGE DURING THE PERIOD (B+C+F)**	**G**		**-169 536 676**	**-264 057 287**
ZH	**Net cash at 31 December (G+A)** **Control: Cash asset N - Cash liabilities N = -22 N-1: 169536654**	**H**		**-22**	**169 536 654**

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SUMMARY SHEET OF APPLICABILITY OF NOTES TO THE FINANCIAL STATEMENTS

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 chharges 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)

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 2019 annual accounts 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 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	183 698 334	128 508 119	43%			
International organizations	-	-				
Shareholder, partners and Group companies	-	-				
Transition accounts special adjustment related to the revision of SYSCOHADA	-	-				
Sundry debtors	-	160 000	-100%			
Permanent unblocked accounts of establishments and branches	-	-				
Liaison accounts, expenses	-	-				
Liaison accounts of companies in Joint Venture	-	-				
GROSS TOTAL OTHER RECEIVABLES	**183 698 334**	**128 668 119**	**43%**	**-**	**-**	**-**
Impairment of other receivables	69 867 623	-				
TOTAL NET OF IMPAIRMENT	**113 830 711**	**128 668 119**	**-12%**	**-**	**-**	**-**

The tax receivables as of 31.12.2019 are detailed as follows:

VAT invoiced on services: 69,867,623 FCFA Corporate tax: 14,563,921 FCFA Miscellaneous receivables: 86,234,790 FCFA VAT credit to carry over: 9,124,200 FCFA

Recoverable VAT on external services: FCFA 468,000 VAT on invoices not received: 3,439,800 FCFA Depreciation on receivables - FCFA 69,867,623

The item Miscellaneous receivables corresponds to the VAT recoverable for the 2016 and 2017 financial years of FCFA 54,348,576 requested for reimbursement in November 2018 (the request is still pending at the level of the tax authorities) and a direct debit by notice to a third party holder of our bank account of FCFA 31,886,214.

The net decrease of receivables is mainly due to the 100% impairment of the VAT invoiced to our client Dangote whitch in fact,benefits from a VAT exemption. This VAT paid has been subject of a refund request to the tax authorities since 2016 without any follow-up to date.

NOTES 11 : CASH TREASURY

Narration	Year N	Year N-1	Variation in %
Local Bank	-	169 536 654	-100%
Other regional state banks	-	-	
Bank, term deposit	-	-	
Other banks	-	-	
Banks, accrued interest	-	-	
Postal cheques	-	-	
Financial institutions	-	-	
Financial institutions, accrued interest	-	-	
Treasury instruments	-	-	
Cash	-	-	
Mobile electonic cash	-	-	
State controls advances, credits and internal transfers	-	-	
GROSS TOTAL TREASURY	**-**	**169 536 654**	**-100%**
Impairment	-	-	
TOTAL NET OF IMPAIRMENT	**-**	**169 536 654**	**-100%**

The bank reconciliation has been made on 31.12.2019. The credit balance of FCFA 22 is justified by the bank charges levied by the bank. Thermax's bank account (Citibank) has been subject to seizure by notice to a third party holder by the tax authorities in a ongoing litigation, (confirmation of tax adjustment which was subject of an arbitration request).

Cash treasury decreased by 100% in 2019 due to the seizure and payments of suppliers and dividends.

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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 5,100,000 FCFA and was increased during the year following the Extraordinary General Meeting of January 23, 2015 by FCFA 104,900,000 to bring it 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	**34 958 136**	**161 204 053**	**-78%**

The retained earnings decreased from FCFA 161,204,053 to FCFA 34,958,136 after allocation of the 2018 loss and the distribution of FCFA 80,000,000 dividends decided by the Ordinary General Meeting held on 04/25/2019.

NOTES 16C : CONTINGENT ASSETS AND LIABILITIES

Narration	Year N	Year N-1
Contingent asset		
Litigation		
Contingent liabilities	**2 254 484 772**	**2 254 484 772**
Litigation		
Thermax Senegal received a tax adjustment notice in 2018 and a confirmation of the notice in March 2019. However, the taxes claimed by the tax administration are disputed and an appeal has been brought to the court of arbitration.	2 254 484 772	2 254 484 772

The amount of charges recorded over the two years N and N-1 relates to the same tax adjustment which is always in progress at the arbitration court.

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)	6 934 960	1 268 600	5 666 360	447%		11 800	124 000
Suppliers, bills payables (outside group)							
Suppliers, bills payable group companies							
Suppliers, invoice receivable	24 349 800	23 549 800	800 000	3%			
Suppliers - Group companies							
SUPLLIERS TOTAL	**31 284 760**	**24 818 400**	**6 466 360**	**26%**	**-**	**11 800**	**124 000**
Suppliers, debtors							
Suppliers-Group advances and deposits paid							
Rebates, refunds and other deductions receivable							
TOTAL SUPPLIERS, DEBTOR					-	-	-

The 26% increase of supplier debts can mainly be explained by the Deloitte fees increase in 2019 because of tax advisory mission and KPMG audit fees.

Details of loans over one year old

Société Civile d'Avocats Amadou Ndiaye : 10,000 FCFA

Achat Bouteilles : 11, 800 FCFA

Touba gaz : 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	20 121 235				20 121 235	
Other staff							
Social security							-
Additional retirement benefits	1 670 186	1 670 186					
Other social organizations							
TOTAL SOCIAL DEBTS	**21 791 421**	**21 791 421**			**-**	**20 121 235**	**-**
State, income tax		4 536 488	-4 536 488	-100%			
State, other taxes and rates		100 328	-100 328	-100%			
Staate, VAT							
State, taxes withheld at source							
Other state, debts							
TOTAL TAX DEBTS		**4 636 816**	**-4 636 816**	**-100%**	**-**	**-**	**-**
TOTAL TAX AND SOCIAL DEBTS	**21 791 421**	**26 428 237**	**-4 636 816**	**-18%**	**-**	**-**	**-**

The amount of social debts at 12/31/2019 is composed by vacation allowances (FCFA 20,121,235) for employees whom left in 2017 and IPRES pension contribution debt (FCFA 1,670,186) that have not been pay.

Details of loans over one year old

Salaries: FCFA 20,121,235

IPRES contributions: 1,670,186 FCFA

The 100% drop in tax debts is explained by the fact that there is no longer any income in 2019 because the activity has stopped, no sales revenue, no employees.

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	-	-	-				
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	15 683 285	-	15 683 285				
TOTAL SUNDRY CREDITORS	**15 683 285**	**-**	**15 683 285**			**-**	**-**
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 payable recorded in 2019 a debit note from Thermax Limited for payments of Deloitte's invoices on behalf of the company Thermax Senegal

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NOTES 20 : BANKS, CASH ADVANCES AND DISCOUNT CREDITS

Narration	Year N	Year N-1	Variation in %
Seasonal loan discount (Campaign loans discount)	-	-	
Ordinary loan discount	-	-	
TOTAL: BANKS, CASH ADVANCES,DISCOUNT RECEIVED.	**-**	**-**	
Local Banks	22	-	
Other regional state banks	-	-	
Other Banks	-	-	
Banks, accrued interest	-	-	
Banks, cash advances	-	-	
TOTAL: BANKS, CASH ADVANCES	**22**	**-**	
GENERAL TOTAL	**22**	**-**	

The bank reconciliation was made on 31.12.2019. The credit balance of FCFA 22 is justified by the bank charges taken by the bank.

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	-	-	
Works out of the region	-	-	
Works to group entities	-	-	
Works via internet	-	-	
TOTAL : SALES OF WORKS AND SERVICES SOLD	-	-	
Accessory revenue	-	-	
TOTAL : REVENUE	-	-	
Capitalized production	-	-	
Operating subventions	-	-	
Other incomes	-	3 573 003	-100%
TOTAL : OTHER INCOME	-	3 573 003	-100%
TOTAL	**-**	**3 573 003**	**-100%**

The sales revenue in 2019 is zero, indeed the activity is stopped, the company has lost its only client Dangoté.

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	-100%
Cleaning supplies	-	9 000	-100%
Office supplies	-	3 500	-100%
Small equipment and tools	-	-	
research work, services renderred, machinery and tools	-	-	
Purchase costs	-	-	
Additional purchase cost	-	-	
Discounts, rebates and discount received	-	-	
TOTAL : OTHER PURCHASES	**-**	**19 600**	**-100%**

The absence of purchases in 2019 is explained by the cessation of activity over the said period. The only purchases relate to external services:
Deloitte's fees for accounting assistance and KPMG for auditing the accounts.

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	-100%
TOTAL	**-**	**170 900**	**-100%**

The absence of transport purchases in 2019 is explained by the cessation of activity.

NOTES 24 : EXTERNAL SERVICES

Narration	Year N	Year N-1	Variation in %
General sub-contracts	-	-	
Rents and rental expenses	-	419 000	-100%
Lease payments	-	-	
Servicing, repairs and maintenance	-	-	
Insurance premium	-	-	
Studies, research and documentation expenses	-	-	
Advertisement, publications, public relations	-	-	
Telecommunication expenses	-	179 250	-100%
Bank charges	1 348 350	3 431 696	-61%
Remunerations of intermediaries and consultants	50 516 000	32 883 361	54%
Personnel in-service training expenses	-	-	
Royalties, patents, licences, trademarks, concessions and similar rights	-	-	
Contributions	-	-	
Other external expenses	-	469 026	-100%
TOTAL	**51 864 350**	**37 382 333**	**39%**

External services increased by 39% due to a tax advisory mission contracted in 2019 with Deloitte.

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NOTES 25 : TAXES AND RATES

Narration	Year N	Year N-1	Variation in %
Direct taxes	-	6 367 037	-100%
Indirect taxes	-	-	
Registration duties	-	1 115	-100%
Fiscal penalties and fines	-	-	
Other taxes	-	100 328	-100%
TOTAL	**-**	**6 468 480**	**-100%**

The 100% drop of taxes is explained by the cessation of activities in 2019.

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	-100%
Other sundry expenses	-	-	
Impairment charges and provisioned short term operating expenses (see note 28)	69 867 623	100 328	69539%
TOTAL	**69 867 623**	**100 544**	**69390%**

The increase in other charges in 2019, is due to the impairment of the tax claim (VAT paid not due), due to his seniority.

NOTES 27 : PERSONNEL EXPENSES

Narration	Year N	Year N-1	Variation in %
Direct remunerations paid to local staff	-	531 838	-100,00%
Fixed allowance paid to staff	-	8 320	-100,00%
Social expenses	-	118 506	-100,00%
Remuneration and social charges, sole proprietor	-	-	
Remuneration transferred to external staff	-	-	
Other social expenses	-	56 800	-100,00%
TOTAL	**-**	**715 464**	**-100,00%**

There are no staff costs in 2019. All employees have left.

NOTES 28 : PROVISIONS AND IMPAIRMENT LISTED IN THE BALANCE SHEET

SITUATION AND MOUVMENTS / HEADINGS	A	B			C			D=A+B-C
	Opening balance for provision for the year (N-1)	INCREASE : ALLOWANCE			DECREASE : WRITE BACK			Closing balance of Provisions for the year (N)
		Operation	Financial	Off ordinary activities	Operation	Financial	Off ordinary activities	
1. Regulated provisions and assimilated funds	-			-	-		-	-
2. Financial provisions for risks and expenditures	-		-			-		-
3. Impairment of assets	-	-	-		-	-		-
TOTAL : ALLOWANCES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4. Impairment of stcoks and work in progress	-	-			-			-
5. Impairment of Current Asset OOA	-	-		-	-		-	-
6. Impairment of suppliers	-	-			-			-
7. Impairment of customers	-	-			-			-
8. Impairment of suppliers								
9. Impairment of other receivables	-	69 867 623						69 867 623
10. Impairment in investment securities	-		-			-		-
11. Impairment in receivables (Cash securities)	-		-			-		-
12. Impairment in treasury	-		-			-		-
13. Impairment and provision for operating short term risk	-	-			-	-		-
14. Impairment and provision for financial short term risk	-		-			-		-
TOTAL : SHORT TERM IMPAIRMENT AND PROVISION	**-**	**69 867 623**	**-**	**-**	**-**		**-**	**69 867 623**
TOTAL : PROVISIONS AND IMPAIRMENT	**-**	**69 867 623**	**-**	**-**	**-**	**-**	**-**	**69 867 623**

This impairment in 2019 is motivated by the pending VAT claim refund request at the level of the tax administration.

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	154 940	-	
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	154 940	-	
Interest from loans and other receivables	-	-	
Investmesnt from long term investments	-	-	
Discount received	-	-	
Income from short term investment securities	-	-	
Foreign exchange gain	-	-	
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	-	-	
TOTAL	**154 940**	**-**	

The exchange loss is recognized on the payment transaction of Deloitte invoices by Thermax Limited, whose currencies are denominated in dollars (USD).

NOTES 31 : APPROPRIATION OF PROFIT AND OTHER ITEMS FOR THE LAST FIVE PERIODS

EXERCICE NATURE OF INDICATIONS	Year N	N-1	N-2	N-3	N-4
CAPITAL STRUCTURE AT THE END OF THE PERIOD (2)	-				
Share Capital	110 000 000	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)	-121 886 913	-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)	-121 886 913	-46 245 917	211 111 717	228 172 106	273 420 230
PROFIT PER SHARE					
Profit distributed (5)	80 000 000	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

THERMAX SENEGAL SARL

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			
Commercial margin			
Added value	-121 731 973	-41 309 906	195%
Gross operating profit	-121 731 973	-41 709 429	192%
Financial income	-154 940		
Profit from ordinaries activities	-121 886 913	-41 709 429	192%
Profit off Ordinaries activities			
Net Income	-121 886 913	-46 245 917	164%
DETERMINATION OF SELF FINANCING CAPACITY			
Gross Operating Profit (GOP)	-121 731 973	-41 709 429	192%
(+) Book value of current assets disposed (account 654)			
(-) Income from current assets disposed (account 754)			
(=) OPERATING SELF FINANCING CAPACITY	-121 731 973	-41 709 429	192%
(+) Financial income			
(+) Exchange gains			
(+) Transfer of financial expenses			
(+) Income OOA			
(-) Transfer expenses OOA			
(-) Financial expenses			
(-) Exchange loss	154 940		
(-) Participation (Investment)			
(-) Income tax		4 536 488	
(=) GLOBAL SELF-FINANCING CAPACITY (GSFC)	**-121 886 913**	**-46 245 917**	**164%**
(-) Dividends distributed during the year			
(=) SELF FINANCING			
PROFITABILITY ANALYSIS			
Economic profitability = Operating profit (a) / Equity + financial debts	-2,70	-0,17	14,99
Financial profitability = Net profit / Equity	-2,70	-0,19	13,44
ANALYSIS OF THE FINANCIAL STRUCTURE			
Equity and assimilated ressources	45 071 223	246 958 136	-82%
(+) Financial debts* and other assimilated ressources (b)			
(=) Stable ressources	45 071 223	246 958 136	-82%
(-) Capitalized assets (b)			
(=) WORKING CAPITAL (1)	45 071 223	246 958 136	-82%
(+) Current assets (b)	113 830 711	128 668 119	-12%
(-) current liabilities (b)	68 759 466	51 246 637	34%
(=) OPERATING FINANCING REQUIREMENTS (2)	45 071 245	77 421 482	-42%
(+) Current assets OOA (b)			
(-) Current liabilities OOA (b)			
=FINANCIAL REQUIRMENT OOA			
(=) GLOBAL FINANCING REQUIREMENT (4) = (2) + (3)	45 071 245	77 421 482	-42%
(=) NET LIQUIDITY (5) = (1) - (4)	-22	169 536 654	-100%
CONTROL : NET LIQUIDITY = (LIQUIDITY - ASSET) - (LIQUIDITY - LIABILITY)	-22	169 536 654	
ANALYSIS OF CHANGE IN LIQUIDITY			
(+) Cash flow from operating activities	-89 536 676	-92 057 287	-3%
(-) Cash flow from investing activities			
(+) Cash flow from financing activities	-80 000 000	-172 000 000	-53%
(=) CHANGES IN TREASURY FOR THE PERIOD	-169 536 676	-264 057 287	
ANALYSIS OF THE CHANGE IN FINANCIAL INDEBTNESSS NET			
(+) Gross financial indebtedness (Financial debts* + liquidity - liabilities)	22		
(-) Liquidity - assets		169 536 654	-100%
(=) FINANCIAL INDEBTEDNESS NET	22	-169 536 654	-100%

(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.

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	-121 886 913
2. TAX REINSTATEMENT	69 867 623
Impairment provision	69 867 623
3. DEDUCTIONS	
Provision congés	
Ecart sur règlement	
4. TAXABLE PROFIT BEFORE DEDUCTION OF PREVIOUS LOSSES	-52 019 290
5. PREVIOUS LOSSES (1)	44 065 374
………………………	
………………………	
6. AMORTIZATION REGULARLY DIFFERED	
………………………	
7. YEAR AMORTIZATION TO BE DIFFERED	
………………………	
8. FISCAL RESULT OF THE YEAR (8=4-5-6+7)	**-96 084 664**
9. COMPANY INCOME TAX AT THE RATE OF......	

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

(A Subsidiary of Thermax Engineering Singapore Pte. Ltd)

Board of Directors

Rajendran Arunachalam
Rabindranath Pillai
Sandeep Mandke
Ramil E Bugayong
Viktor Ivan Nicolo T. Marales

Registered and 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, 2020 and 2019, and the statements of 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for Small Entities).

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 Small Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 19 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 8125201, January 7, 2020, Makati City

June 15, 2020

Statement of Financial Position

As On March 31, 2020

(With Comparative Figure for 2019)

	Notes	31-Mar 2020 PHP	31-Mar 2020 Rs Lacs	31-Mar 2019 PHP	31-Mar 2019 Rs Lacs
ASSETS					
Current Assets					
Cash in bank	4	**1,53,90,448**	**228.57**	84,23,371	110.59
Trade and other receivables	5 & 10	**1,94,45,734**	**288.80**	2,58,29,176	339.11
Security deposits	7	**5,06,580**	**7.52**	7,15,846	9.40
Prepayments and other current assets	6	**19,88,929**	**29.54**	21,39,387	28.09
Total Currents Assets		**3,73,31,691**	**554.43**	3,71,07,780	487.18
Non-current Assets					
Office Equipment	8	**10,367**	**0.15**	16,915	0.22
Deferred tax asset	18	**4,00,078**	**5.94**	6,00,000	7.88
		3,77,42,136	**560.53**	3,77,24,695	495.28
LIABILITIES AND EQUITY					
Current Liabilities					
Acrruals and other payables	9	**53,57,466**	**79.57**	59,52,998	78.16
Total Liabilities		**53,57,466**	**79.57**	59,52,998	78.16
Equity					
Capital stock	11	**4,90,00,000**	**727.73**	4,90,00,000	643.32
Deficit		**(1,66,15,330)**	**(246.76)**	(1,72,28,303)	(226.19)
Total Equity		**3,23,84,670**	**480.96**	3,17,71,697	417.13
		3,77,42,136	**560.53**	3,77,24,695	495.28

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figure for the year from April 1, 2018 to March 31, 2019)

	Notes	31-Mar 2020 PHP	31-Mar 2020 Rs Lacs	31-Mar 2019 PHP	31-Mar 2019 Rs Lacs
Revenues	12	**2,56,69,738**	**381.24**	2,07,12,888	271.94
Cost of Services	14	**2,09,13,249**	**310.59**	1,77,31,451	232.79
Gross Income		**47,56,489**	**70.64**	29,81,437	39.14
Operating expenses and Administrative expnese	15	**41,90,159**	**62.23**	19,95,108	26.19
Profit (Loss) From Operations		**5,66,330**	**8.41**	9,86,329	12.95
Other Income	13	**3,16,956**	**4.71**	1,921	0.03
Loss Before Income Tax		**8,83,286**	**13.12**	9,88,250	12.97
Provision For (Benefit From) Income Tax	18	**2,70,313**	**4.01**	(6,00,000)	(7.88)
Net Profit/ (Loss)		**6,12,973**	**9.10**	15,88,250	20.85
Other Comprehensive Income		–	–	–	–
Total Comprehensive Profit/ (Loss)		**6,12,973**	**9.10**	15,88,250	20.85

See accompanying Notes to Financial Statements.

Statement of Equity

FOR THE YEAR ENDED MARCH 31, 2020

(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, 2020						
Balances at beginings of year	4,90,00,000	727.73	(1,72,28,303)	(255.87)	3,17,71,697	471.86
Payment of subscribed share capital	–	–	–	–	–	–
Total Comprehensive Loss						
Net Income	–	–	6,12,973	9.10	6,12,973	8.05
Balance at end of year	4,90,00,000	727.73	(1,66,15,330)	(246.76)	3,23,84,670	480.96
For the year Ended March 31, 2019						
Balances at beginings of year	2,25,00,000	295.40	(1,88,16,553)	(247.04)	36,83,447	48.36
Payment of subscribed share capital	2,65,00,000	347.92	–	–	2,65,00,000	347.92
Total Comprehensive Loss						
Net Income	–	–	15,88,250	20.85	15,88,250	20.85
Balance at end of year	4,90,00,000	643.32	(1,72,28,303)	(226.19)	3,17,71,697	417.13

See accompanying Notes to Financial Statements

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

(A Subsidiary of Thermax Engineering Singapore Pte. Ltd)

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Figure for the year ended March 31, 2019)

	Note	31-Mar 2020		31-Mar 2019	
		PHP	**Rs Lacs**	PHP	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (loss) before income tax		**8,83,286**	**13.12**	9,88,250	12.97
Adjustment for :					
Bad debt expenses	5 & 13	**1,47,321**	**2.19**	1,47,321	1.93
Depreciation	8	**6,548**	**0.10**	2,728	0.04
Unrealized gain on foreign exchange		**1,32,467**	**1.97**	(43)	(0.00)
Interest Expense		**3,937**	**0.06**	-	-
Interest income	4 & 13	**(4,086)**	**(0.06)**	(1,878)	(0.02)
Operating loss before working capital changes		**11,69,473**	**17.37**	11,36,378	14.92
Increase in:					
Trade and other receivables	5	**61,03,497**	**90.65**	(2,37,03,300)	(311.20)
Prepayments and other current assets		**2,00,367**	**2.98**	(7,28,453)	(9.56)
Security Deposit		**2,09,266**	**3.11**	(1,60,376)	(2.11)
Increase (Decrease) in:					
Accruals and other payables	5	**(5,95,532)**	**(8.84)**	37,34,733	49.03
Net cash used for operations		**70,87,071**	**105.25**	(1,97,21,018)	(258.92)
Interest received	4	**4,086**	**0.06**	1,878	0.02
Interest Paid		**(3,937)**	**(0.06)**	–	–
Income tax paid		**(1,20,300)**	**(1.79)**	(1878)	(0.02)
Net cash in operating activites		**69,66,920**	**103.47**	(1,97,19,140)	(258.92)
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	–	–	2,65,00,000	347.92
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**157**	**0.00**	43.00	0.00
NET INCREASE (DECREASE) IN CASH		**69,67,077**	**103.47**	67,61,260	88.77
CASH AT BEGINNING OF YEAR		**84,23,371**	**125.10**	16,62,111	21.82
CASH AT END OF YEAR	4	**1,53,90,448**	**228.57**	84,23,371	110.59

See accompanying Notes to Financial Statements

Exchange Rate :as at 31 March 2020 is 1 PHP = Rs. 1.4852

Exchange Rate :as at 31 March 2019 is 1 PHP = Rs. 1.3128

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 and 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 and 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 St., Makati City.

The Company has five (3) and four (4) employees as at March 31, 2020 and 2019, respectively.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on 15th June, 2020.

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 have been prepared in accordance with the Philippine Financial Reporting Standard for Small Entities (PFRS for Small Entities) as approved by the Financial Reporting Standards Council, Board of Accountancy and SEC.

The financial statements as at and for the year ended March 31, 2020 are the Company's first financial statements prepared in accordance with PFRS for Small Entities. Previously, the Company prepared its financial statements in accordance with PFRS for Small and Medium-sized Entities (PFRS for SMEs). The Company's date of transition to PFRS for Small Entities is April 1, 2018. The adoption of PFRS for Small Entities did not have a significant impact on the Company's statements of financial position as at April 1, 2018 and March 31, 2019 and on the Company's statement of income, statement of changes in equity and statement of cash flows for the year ended March 31, 2019.

In 2020, the Company has made reclassifications in the statement of income. Such reclassifications were made because management believes that the presentation will provide more reliable and relevant information to the users of the financial statements. Accordingly, the affected accounts for the year ended March 31, 2019 have been reclassified to conform with the March 31, 2020 presentation of accounts. The Company reclassified ₱17,731,451 from Operating and administrative expenses to Cost of services. These reclassifications have no impact on prior year net income, equity, total current assets, total noncurrent assets, total current liabilities, total noncurrent liabilities and cash flows. Accordingly, the Company did not present a third statement of financial position as of April 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 value-added tax (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 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 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 income

Service and commission income are recognized when services are rendered.

Interest income

Interest income is recognized as it accrues, net of final taxes.

Other income

Other income is recognized as it accrues.

Expenses

Expenses are recorded when incurred and measured at the amount paid or payable.

Foreign Currency Transactions

In preparing the financial statements, transactions in foreign currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting 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 values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary asset denominated in foreign currency is recognized in the statement of income.

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 applies to 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.

A lessee shall recognize all lease payments as expense in profit or loss in the period in which they are 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 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 Small Entities 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 ₱400,078 and ₱600,000 as at March 31, 2020 and 2019, respectively (see Note 16).

4. Cash in Bank

This account pertains to deposits in Citibank, N.A. amounting to ₱15,390,448 and ₱8,423,371 as at March 31, 2020 and 2019, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned amounted to ₱4,086 and ₱1,878 in 2020 and 2019, respectively.

5. Trade and Other Receivables

	2020	2019
Accounts receivable - trade		
Related parties (Note 10)	**₱15,423,209**	₱25,061,811
Third parties	**3,860,606**	265,000
Advances to suppliers	**181,144**	411,722
Advances to officers and employees	**128,096**	90,643
	19,593,055	25,829,176
Less: allowance for bad debts	**(147,321)**	–
	₱19,445,734	₱25,829,176

The Company's aging of accounts receivable - trade is as follows:

	2020	2019
Current	**₱4,789,446**	₱23,198,435
Past due accounts but not impaired		
1 - 30 days	–	100,000
31 - 60 days	–	–
Above 60 days	**14,494,369**	2,028,376
	₱19,283,815	₱25,326,811

The Company recognized provision for bad debts amounting to ₱147,321 (Note 15) for the year ended March 31, 2020.

Advances to suppliers pertain to deposit for immigration expenses and downpayment 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

In 2020, the Company has recognized provision for bad debts amounting to ₱147,321 since management believes that the collection of the account is not probable.

In 2019, 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.

6. Prepayments and Other Current Assets

	2020	2019
Creditable withholding taxes	**₱1,167,167**	₱35,809
Prepaid rent	**506,748**	778,381
Deferred input VAT	**227,297**	35,281
Prepaid income tax	**87,717**	–
Input VAT	–	1,289,916
	₱1,988,929	₱2,139,387

Creditable withholding taxes will be claimed as tax credit once received from customers and will be used against the income tax payable.

The deferred input VAT will be used to offset the Company's output VAT liabilities or will be claimed as tax credits.

7. Security Deposits
This account consists of two (2) months security deposits to the following lessors:

	2020	2019
Regus PLT Centre Inc.	**₱346,980**	₱252,122
Excellent Forex Corp.	**89,600**	179,200
Amalia Amparo T. Atayde	**70,000**	–
Pragmatic Development & Construction Corp.	–	148,228
Pilar Maria Daza Baltazar	–	136,296
	₱506,580	₱715,846

8. Office Equipment

	2020	2019
Cost		
Balance at beginning of year	**₱19,643**	₱ –
Additions	–	19,643
Balance at end of year	19,643	19,643
Accumulated Depreciation		
Balance at beginning of year	2,728	–
Depreciation	6,548	2,728
Balance at end of year	**9,276**	2,728
Net book value	**₱10,367**	₱16,915

9. Accruals and Other Payables

	2020	2019
Deferred output VAT	**₱2,196,900**	₱2,702,873
Trade payable	**1,715,607**	–
Accrued expenses	**630,901**	795,497
Output VAT payable	**468,486**	–
Advances from customers	**211,607**	1,761,431
Fringe benefit tax payable	**106,377**	211,402
SSS, PHIC and HDMF payable	**12,070**	15,065
Withholding tax payable on wages	**10,449**	86,586
Withholding tax payable at source	**5,069**	19,783
Advances from officers and employees	–	259,831
Unearned income	–	100,000
Documentary stamp tax payable	–	530
	₱5,357,466	₱5,952,998

Deferred output VAT represents VAT on trade receivables that are payable upon collection from customers.

Trade payable represents payable for completion of supply and installation of balance plant materials.

Accrued expenses consist of the following:

	2020	2019
Professional fees	**₱381,143**	₱707,421
Salaries	**179,625**	–
Vehicle rental	**70,133**	55,576
House rental	–	32,500
	₱630,901	₱795,497

Output VAT payable is the VAT payable to the government upon collection from the customers and due for remittance to the government.

10. Related Party Transactions
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 Limited	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
2020				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	₱19,508,460	₱10,754,541	Non-interest bearing, 30-days	Unsecured, no impairment
PT Thermax International Indonesia				
Marketing and Sales Support Services (Note 5)	1,211,805	4,668,668	Non-interest bearing, 30-days	Unsecured, no impairment
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

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 6% and 5% for the years ended March 31, 2020 and 2019, respectively.

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 years ended March 31, 2020 and 2019 and amounted to ₱3,810,157 and ₱2,441,430, respectively.

11. Share Capital

The Company's share capital as at March 31, 2020 and 2019 consists of:

	2020		2019	
	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 additional paid up capital from Thermax Engineering Singapore Pte. Ltd. during the year ended March 31, 2019.

The Company has one (1) shareholder owning one hundred (100) or more shares.

12. Revenue

	2020	2019
Service income		
Related parties (Note 10)	**₱20,720,265**	₱20,712,888
Third parties	**4,949,473**	–
	₱25,669,738	₱20,712,888

13. Other Income

	2020	2019
Income from reimbursement	**₱312,870**	₱ –
Interest income (Note 4)	**4,086**	1,878
Unrealized foreign exchange gain - net	**–**	43
	₱316,956	₱1,921

14. Cost of Services

	2020	2019
Payroll and other related expenses	**₱7,631,742**	₱5,858,455
Outside services	**4,210,299**	86,579
Rent expense (Note 16)	**2,486,738**	2,616,053
Transportation and travel	**2,161,928**	2,812,666
Vehicle rental	**1,352,151**	1,556,944
Fringe benefit expense	**1,140,829**	2,567,444
Advertising expense	**627,619**	545,170
Fringe benefit tax expense	**618,293**	1,382,470
Communication expense	**65,723**	90,666
Printing and office supplies	**63,727**	53,068
Representation expense	**19,086**	–
Depreciation (Note 8)	**6,548**	2,728
Repairs and maintenance	**–**	10,458
Site expenses	**–**	–
Miscellaneous	**528,566**	148,750
	₱20,913,2498	₱17,731,451

Miscellaneous expense includes forfeited security deposit.

15. Operating Expenses

	2020	2019
Professional fees	**₱1,400,324**	₱1,450,014
Realized foreign exchange loss - net	**1,238,636**	–
Recruitment fees	**856,731**	–
Penalties and surcharges	**214,895**	–
Provision for bad debts	**147,321**	147,321
Unrealized foreign exchange loss - net	**132,467**	–
Bank charges	**87,323**	48,250
Taxes and licenses	**68,047**	309,972
Insurance	**33,824**	–
Courier	**10,592**	39,551
	₱4,190,160	₱1,995,108

16. 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. During the year ended March 31, 2020, the contract was pre-terminated and the security deposit has been forfeited.

b. Lease of condominium located at Unit- 3403D 34th Floor Milano Residences Century City, Makati City, Philippines for a period of (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₱42,400 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months. Subsequently, the contract was renewed for a period of (1) years from January 17, 2020 to January 17, 2021 with a monthly rent of ₱50,000 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. During the year ended March 31, 2020, the contract was pre-terminated and the security deposit has been forfeited.

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. During the year ended March 31, 2020, the contract was pre-terminated and the security deposit has been forfeited.

e. Lease of condominium located at Unit 14J Elizabeth Place, HV Dela Costa St., Salcedo Village, Makati City, Philippines for a period of one (1) year from August 10, 2019 to August 9, 2020 with a monthly rent of ₱70,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of one (1) month and three (2) months advance rent for the months of August 10, 2019 to October 9, 2019.

f. 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, 2019 to February 28, 2020 with a monthly rent of ₱138,730 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, 2020 to February 28, 2021 with a monthly rent of ₱173,490 exclusive of VAT. The security deposit was carried forward from the previous contract.

Rent expense amounted to ₱2,486,738 and ₱2,616,053 for the years ended March 31, 2020 and 2019, respectively (Note 14).

The future minimum lease payments (excluding taxes, etc.) are as follows:

	2020	2019
Less than one year	**₱2,688,390**	₱2,964,192
Between 1 to 5 years	**–**	–
More than 5 years	**–**	–
	₱2,688,390	₱2,964,192

17. Foreign-Currency Denominated Assets

	2020	2019
Current assets		
Cash in banks	**$200**	$100
Trade receivables	**330,753**	439,514
	$330,953	$439,614
Year-end exchange rate	**₱51.04**	₱52.78
Peso equivalent	**₱16,891,849**	₱23,203,713

Foreign exchange gain (loss) charged to operations is as follows:

	2020	2019
Unrealized foreign exchange gain (loss)		
Cash in banks	**(₱157)**	₱43
Trade receivables	**132,310**	–
Realized foreign exchange loss - net	**1,238,636**	–
Peso equivalent	**₱1,370,790**	₱43

18. Income Taxes

	2020	2019
Current	**₱70,391**	–
Deferred	**199,922**	(600,000)
	₱270,313	(₱600,000)

The current income tax expense for the year ended March 31, 2020 pertains to minimum corporate income tax (MCIT).

The Company's deferred tax assets as of March 31, 2020 and 2019 pertain to temporary differences arising from advances from customers and NOLCO amounting to ₱400,078 and ₱600,000, respectively.

The carrying amount and composition of the Company's unrecognized net deferred tax asset as at March 31, 2020 and 2019 pertains to the following:

	2020	2019
NOLCO	**₱13,786,755**	₱15,443,583
Unrealized foreign exchange loss	**132,467**	–
MCIT	**70,392**	–
	₱13,989,614	₱15,433,583

The Company will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carryforward benefits of unused NOLCO is available for offset against taxable income over a period of three years. Details of the Company's NOLCO are as follows:

Year Incurred	Beginning balance	Addition	Expired	Ending balance	Expiration
2019 – 2020	–	₱175,898	–	₱175,898	2023
2017 – 2018	14,529,983	–	–	14,529,983	2021
2016 – 2017	1,152,169	–	(1,152,169)	–	2020
Total	₱5,682,152	₱175,898	(₱1,152,169)	₱14,705,881	

The reconciliation between the tax computed at statutory income tax rates to provision for income tax follows:

	2020	2019
Income at statutory income tax rate	**₱264,985**	₱296,475
Tax effects of:		
Nondeductible expenses	**108,665**	4,398
Interest income subjected to final tax	**(1,226)**	(563)
Movement in unrecognized deferred tax asset	**(102,110)**	(900,310)
Provision for (benefit from) income tax	**₱270,313**	(₱600,000)

19. 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, 2020 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

Sales of services	₱28,549,216
Zero-rated sales/receipts	100,000
Total gross receipts	28,649,216
Less:	
Zero-rated sales/receipts	(100,000)
Total VATable gross receipts	28,549,216
Multiply by: Tax rate	12%
Total output VAT for the year	3,425,906
Current year's purchases	
Domestic purchases of goods other than capital goods	138,666
Domestic services	8,170,084
Total VATable purchases	8,308,750
Multiply by: Tax rate	12%
Total input for the year	997,050
Add: Previous year's excess input VAT	1,289,916
Total allowable input VAT	2,286,966
Output VAT declared for the year	3,425,906
Output VAT payable	1,138,940
Less: VAT payments for the current year	670,454
Net output VAT payable	₱468,486

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 ₱7,235 was paid relating to renewal of lease contracts.

Other taxes, local and national

This account consists of taxes and licenses paid and accrued are as follows:

Business permit	₱60,312
Documentary stamp tax	7,235
Annual registration	500
	₱68,047

Withholding taxes

i. Withholding tax on compensation

Total withholding tax payable for the year	₱1,608,216
Less: Payments made from April 2019 to February 2020	1,597,767
Withholding tax still due and payable	**₱10,449**

ii. Fringe benefits tax

Total fringe benefit tax payable for the year	₱618,293
Less: Payments made from April 2019 to February 2020	511,916
Fringe benefit tax still due and payable	**₱106,377**

iii. Expanded withholding tax

Total withholding tax payable for the year	₱372,211
Less: Payments made from April 2019 to February	367,142
Withholding tax still due and payable	**₱5,069**

iv. Final withholding tax

The Company has no transactions subject to final withholding tax.

v. Creditable withholding tax

Current year's creditable withholding tax	₱1,169,167
Creditable withholding tax applied for the year	2,000
Creditable withholding tax balance	**₱1,167,167**

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

Rabindranath Pillai
Sandeep Mandke

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
Landmark Towers, 5B Water Corporation Road
Victoria Island, Lagos

Corporate office

Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Company Secretary

Eko Nominees Limited
5B Water Corporation Road
Victoria Island
Lagos

Banker

Citi Bank Nigeria Limited
27 Kofo Abayomi Street
Victoria Island
Lagos

Company Registration No.

RC 1290610

Financial statements

For the year ended 31 March 2020

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 2020.

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:

Landmark Towers,
5B Water Corporation Road,
Victoria Island, Lagos.

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.

Dividends
The directors do not propose dividend payment in respect of the year ended 31 December 2020 (2019: Nil).

Directors
The directors who held office during the year and to the date of this report are given below:

Mahesh Bukinkere	(Resigned on 16 May 2019)
Shailesh Nadkarni	(Resigned on 26 February 2020)
Rabindranath Pillai	(Appointed on 17 May 2019)
Sandeep Mandke	(Appointed on 25 February 2020)

Directors' shareholding
None of the directors have any interest in the shares of the company as at 31 March 2020 (2019: Nil). According to the register of members as at 31 March 2020, the following are the shareholders of Thermax Nigeria Limited.

Shareholding	Number of shares held at 31 March 2020			
	Shareholding	Percentage	Shareholding	Percentage
	(units)		(units)	
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.

Events after the reporting date
Information relating to events after the reporting date is disclosed in note 18 of these financials statements.

Employee health, safety and welfare
The company enforces strict health and safety rules and practises at work enviornment, which are reviewed and tested regularly.

Donations and gifts
In accordance with Section 38(2) of the Companies and Allied Matters Act, the Company did not make any donations or gifts to any charitable organisations, political association or for any other purpose in the course of the year under review (2019: Nil).

Auditors
Messrs. PricewaterhouseCoopers, independent auditors, having indicated their willingness will continue as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

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 responsibilities 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 judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Rabindranath Pillai
Director
....

Sandeep Mandke
Director
....

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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited
Thermax Nigeria Limited's financial statements comprise:
- the statement of financial position as at 31 March 2020;
- the statement of profit or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. 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 Report of the Directors, Statement of Directors' Responsibilities, Statement of Value Added and Three-Year Financial Summary, 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 comprehensive income are in agreement with the books of account.

For: **PricewaterhouseCoopers** 10 August 2020
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Financial Statements for the year ended 31 March 2020

Statement of Profit and Loss and Other Comprehensive Income

	Notes	31 March 2020		31 March 2019	
CONTINUING OPERATIONS		**NGN'000**	**Rs. Lacs**	**NGN'000**	**Rs. Lacs**
Revenue	5	**27,014**	**56.69**	-	-
Operating expenses	6	(30,793)	(64.62)	(4,056)	(9.17)
Other income		**8**	**0.02**	2	0.00
Operating profit		**(3,771)**	**(7.91)**	(4,054)	(9.16)
Finance income		-	-	-	-
Finance cost		-	-	-	-
		-	-	-	-
Loss Before Tax		**(3,771)**	**(7.91)**	(4,054)	(9.16)
Income Tax Expenses	7	**2,851**	**5.98**	-	-
Loss After Tax		**(920)**	**(1.93)**	(4,054)	(9.16)
Earnigs per share (Naira)		**(0.02)**	**(0.00)**	(0.27)	(0.00)

The notes on pages 12 to 25 are an integral part of these financial statements

Exchange rate : as at 31 March 2020 is 1 INR = NGN 0.209

Exchange rate : as at 31 March 2019 is 1 INR = NGN 0.226

Statement of Financial Position

	Notes	31 March 2020		31 March 2019	
		NGN'000	**Rs. Lacs**	**NGN'000**	**Rs. Lacs**
Assets					
Non-Current Assets					
Deferred tax asset	7	**2,851**	**5.98**	-	-
Total non-current assets		**2,851**	**5.98**	-	-
Current assets					
Cash and cash equivalents	9	**6,941**	**14.57**	10,550	23.85
Trade receivables	10	**27,014**	**56.69**	-	-
Other current assets	11	**14,287**	**29.98**	-	-
Total current assets		**48,242**	**101.24**	10,550	23.85
Total assets		**51,093**	**107.22**	10,550	23.85
LIABILITIES					
Current liabilities					
Accruals, provisions and other liabilities	8	**6,339**	**13.30**	3,069	6.94
Trade payables		**3,193**	**6.70**	-	-
Total current liabilities		**9,532**	**20.00**	3,069	6.94
Total liabilities		**9,532**	**20.00**	3,069	6.94
EQUITY					
Share capital and share premium	4	**50,000**	**104.93**	15,000	33.91
Retained earnings		**(8,439)**	**(17.71)**	(7,519)	(17.00)
Total equity		**41,561**	**87.22**	7,481	16.91
Total equity and liabilities		**51,093**	**107.22**	10,550	23.85

The financial statements on pages 8 to 27 were approved and authorised for issue by the board of directors on 15th June 2020 and were signed on its behalf by:

Rabindranath Pillai
Director

Sandeep Mandke
Director

THERMAX NIGERIA LIMITED

Statement of Changes in Equity

		Attributable to equity holders of the Company					
		Share capital		Retained earnings		Total	
	Notes	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
At 1 April 2018				(3,465)	(7.27)	(3,465)	(7.27)
Loss for the period		-	-	(4,054)	(8.51)	(4,054)	(8.51)
Issue of new shares		15,000	31.48	-	-	15,000	31.48
Total comprehensive income for the period		**15,000**	**31.48**	**(7,519)**	**(15.78)**	**7,481**	**15.70**
Balance at 31 March 2019		**15,000**	**31.48**	**(7,519)**	**(15.78)**	**7,481**	**15.70**
At 1 April 2019		**15,000**	**31.48**	**(7,519)**	**(15.78)**	**7,481**	**15.70**
Loss for the period		-	-	(920)	(1.93)	(920)	(1.93)
Total comprehensive income for the period		**15,000**	**31.48**	**(8,439)**	**(17.71)**	**6,561**	**13.77**
Transaction with owners:							
Issue of new shares		35,000	73.45	-	-	35,000	73.45
Dividends provided for or paid		-	-	-	-	-	-
Total transactions with owners		**50,000**	**104.93**	**(8,439)**	**(17.71)**	**41,561**	**87.22**
Balance at 31 March 2020		**50,000**	**104.93**	**(8,439)**	**(17.71)**	**41,561**	**87.22**

Statement of Cash flows

	31 March 2020		31 March 2019	
	NGN'000	**Rs. Lacs**	NGN'000	Rs. Lacs
Cash flows from operating activities				
Loss on ordinary activities before taxation				
Tax paid	**(3,771)**	**(7.91)**	(4,054)	(9.16)
	(3,771)	**(7.91)**	(4,054)	(9.16)
Changes in working capital:				
Increase/(decrease) in accruals	**3,270**	**6.86**	(397)	(0.90)
Increase/(decrease) in trade payables	**3,193**	**6.70**	-	-
Increase/(decrease) in trade receivable	**(27,014)**	**(56.69)**	-	-
Increase/(decrease) in trade receivable	**(14,287)**	**(29.98)**	-	-
Net cash outflow used in operating activities	**(38,609)**	**(81.03)**	(4,450)	(10.06)
Cash flows from investing activities				
Net cash flows from investing activities	**-**	**-**	-	-
Cash flows from financing activities				
Paid up share capital	**35,000**	**73.45**	15,000	33.91
Net cash inflow from financing activities	**35,000**	**73.45**	15,000	33.91
Net increase in cash and cash equivalents	**(3,609)**	**(7.57)**	10,550	23.85
Cash and cash equivalents at the beginning of the year	**10,550**	**22.14**	-	-
Cash and cash equivalents at the end of the year	**6,941**	**14.57**	10,550	23.85

The notes on pages 12 to 25 are an integral part of these financial statements.

For the year ended 31 March 2020 Notes to the financial statements

1 General information

Thermax Nigeria Limited was incorporated in Nigeria as a private limited liability Company in 2015. The Company is domiciled in Nigeria and the address of its registered office is:

Plot 5B, Landmark Towers, Water Corporation Road, Victoria Island, Lagos, Nigeria

Thermax Nigeria Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation 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). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss, 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 2.17.

2.2.1 Going concern

The Company incurred a net loss after tax of N0.92 million (2019: N4.05 million) for the year ended 31 March 2020; and the net current assets as of that date were N41.56 million (2019: N7.48 million).

The Company has no plans or intentions, for example to dispose of the business or cease operations.

Based on the foregoing, the directors are confident that the Company will be in a position to settle all its obligations in the normal course of business and consider it appropriate to prepare the financial statements on the basis of accounting policies applicable to a going concern.

The directors have no doubt that the Company would remain in existence after twelve months from the date these financial statements have been approved.

2.2.2 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations adopted by the Company

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

IFRS 16, Leases

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 adopted IFRS 16: Leases using the modified retrospective method, with the effect of applying this standard recognised at the date of initial application (1 April 2019). Accordingly, the information presented for March 2019 financial year has not been restated but is presented, as previously reported, under IAS 17. The adoption of IFRS 16 has no impact on the opening retained earnings as at 1 April 2019.

IFRS IC 23, Uncertainty over income tax treatments

The IFRS interpretation is effective for annual periods beginning on or after 1 January 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:

- 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,
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored,
- 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,
- 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
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

ii) New standards, amendments, interpretations issued but not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning after 1 April 2020 or later periods:

- **Amendments to IAS 1 and IAS 8**

  The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised conceptual framework

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

  Other amendments and standards are not deemed to relate to the transactions of the Company.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services stated net of value added taxes (VAT). Sale of services are recognised in the period in which the costs incurred in providing the services are recognised.

Revenue comprises the net value of goods and services invoiced to third parties after deduction of any trade discounts and VAT. Turnover from sale is recognised upon transfer to control to the buyer.

A valid contract is recognised as revenue after:

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Revenue

Revenue represents the value of compensation earned for provision of marketing and sales support services to third- parties in Nigeria on behalf of Thermax Limited. It is recognised in the period in which the Company delivers the related services, and collectability of the related receivables is reasonably assured.

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 Current and deferred taxation

2.5.1 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. Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the balance sheet date. Education tax is assessed at 2% of the assessable profits determined in accordance with the Education Tax Act.

The Company is subject to the Finance Act as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit are treated as income tax in line with IAS 12, whereas minimun tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of prfit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

2.5.2 Deferred tax

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 recognized 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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.6 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as National Pension Commission on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.7 Trade, other receivables and assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit term is 7-90 days upon delivery. The Company has applied the simplified approach for trade and other receivables upon the adoption of IFRS 9 and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 36 months before 31 March 2020 and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses.

If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses. Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.8 Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.9 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.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, 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.

2.10 Financial assets and liabilities

Financial assets and liabilities (i.e. financial instruments) are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Thermax Nigeria Limited has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.10.1 Classification

Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(ii) Loans and receivables

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 twelve months after the end of the reporting period. These are classified as non-current assets. Thermax's loans and receivables comprise trade, employee advances and other receivables in the statement of financial position.

(iii) Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts

2.10.2 Recognition and measurement

(i) Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the income statement. Gains and losses arising from changes in fair value are presented in the statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

(ii) Loans and receivables

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

2.12 Offsetting financial assets and financial liabilities

The Company offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on 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.

2.12 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or 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 the financial asset or group of financial assets that can be reliably estimated.

2.13 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.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates potentially diluted shares at the statement of financial position date.

2.15 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira, rounded to the nearest thousand, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from translation of monetary assets and liabilities denominated in currencies other than the entity's functional currency at year end exchange rates, are recognized in the income statement.

2.16 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.17 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Income taxes

The company is subject to income taxes only within the Nigerian tax authority which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the company to generate future taxable economic earnings.

Taxes are paid by company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The Company's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

3 Financial risk management

The Company's activities expose it to financial risk - credit risk, liquidity risk and market risk. Risk management is carried out by management, management identifies and evaluates the financial risks in co-operation with the Company's operating units and; provides written principles for overall risk management, as well as written policies covering specific areas. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

3.1 Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The balances exposed to credit risk are as disclosed below:

	31 March 2020	31 March 2019
	N'000	N'000
Amounts due from related parties (Note 10)	**27,014**	-
Other current assets (Note 11)	**915**	-
Cash and cash equivalents (Note 9)	**6,941**	10,550
Financial assets bearing credit risk	**34,870**	10,550

Other receivables include staff receivables but excludes prepayments and withholding tax recoverable as these are non- financial assets. Below is the breakdown of trade and other receivables that are neither past due nor impaired and past due but not impaired.

	31 March 2020	31 March 2019
	N'000	N'000
Neither past due nor impaired:		
Amounts due from related parties	**27,014**	-
Other current assets	**915**	-
	27,014	-

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates and the credit policy of the Company.

Cash and bank balance fall under neither past due nor impaired.

Fitch ratings of cash and bank balances are:

	31 March 2020	31 March 2019
	N'000	N'000
B+	**6,941**	10,550

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. This is based on Fitch national long-term rating.

3.2 Liquidity risk

3.2.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities.

The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The Company has no limitation placed on its borrowing capability.

3.2.2 Maturity analysis

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2020

	Less than 3 months	**Between 3 months and 1 year**	**Over 1 year**	**Total**
	N'000	**N'000**	**N'000**	N'000
Accruals, provisions and other liabilities	5,949	390	-	6,339
Trade payables	3,193	-	-	3,193
	9,142	**390**	**-**	**9,532**

At 31 March 2019

	Less than 3 months	**Between 3 months and 1 year**	**Over 1 year**	**Total**
	N'000	**N'000**	**N'000**	N'000
Accruals, provisions and other liabilities	3,069	-	-	3,069
	3,069	**-**	**-**	**3,069**

3.3 Market risk

3.3.1 Management of market risk

Market risk is the risk of change in the fair value of financial instruments due to changes in interest rates and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Company's exposure to interest rate risk relates primarily to a long term borrowing from banks. There are no borrowings as the end of the year (2019: Nil).

(ii) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from commercial transactions. There are account receivable balances exposed to exchange risk at the end of the year N'000 27014 (2019 : Nil).

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. There are foreign denominated balances that are exposed to fluctuations in foreign exchange rates.

The sensitivity of the Company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates as shown below:

	31 March 2020	31 March 2019
	N'000	N'000
Impact on account receivable balance		
Increase in US Dollars exchange rate against NGN +20%	**32,417**	-
Decrease in US Dollars exchange rate against NGN -20%	**21,611**	-

(iii) Price risk

Price risk is the risk that prices of internationally traded commodities or equity prices will change. The Company does not trade in quoted securities and commodities.

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non- current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. However, the Company does not currently have any borrowings.

Fair value hierarchy

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All the Company's financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy.

Financial instruments by category

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value.

(i) Financial assets classified as loans and receivables

The carrying value of the Company's financial assets as at 31 March 2020 is the same as its fair value.

(ii) Financial liabilities carried at amortised cost

The carrying value of the Company's financial liabilities as at 31 March 2020 is the same as its fair value.

4 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 2020	31 March 2019
	N'000	N'000
Authorised and issued		
50,000,000 ordinary shares of N1 each	**50,000**	50,000
Paid-up Capital:		
50,000,000 ordinary shares of N1 each	**50,000**	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 and same has been fully paid. N200 worth of shares are held and have been fully paid for by Thermax Engineering Singapore PTE Limited.

5 Revenue

Thermax Nigeria has enetered agreement with Thermax Limited for marketing and sales support services. Based on agreement company has raised revenue invoices on Thermax Limited by applying 6% of mark up on operating expenses.

	31 March 2020	31 March 2019
	N'000	N'000
Operating expenses	**25,485**	-
Add : Mark-up of 6%	**1,529**	-
	27,014	-

6 Operating expenses

	31 March 2020	31 March 2019
	N'000	N'000
Audit fee	**915**	1,136
Professional fees	**3,499**	909
Secretarial fees	**2,057**	1,469
Net realised exchange loss	**-**	124
VAT penalty	**-**	390
WHT penalty and interest	**-**	22
Employees cost	**12,508**	-
Traveling and conveyance	**6,567**	-
Rent	**4,953**	-
Communication	**171**	-
Others	**123**	-
	30,793	4,050

7 Taxation

7.1 The Company has no current income tax liability as no taxable profit was generated during the year ended 31 March 2020.

The recent 2019 Finance Act made two changes to Section 33 of the Companies Income Tax Act (CITA), which is the Section that addresses minimum tax. The first change is that it replaces the exemption clause of a company having imported equity of 25% with a clause that exempts companies which earn a gross turnover of less than N25million per annum from minimum tax. The second change introduced by the Finance Act is the rate of calculation and the basis for calculation which is now 0.5% of a company's gross turnover.

The exception clause for companies within their first four calendar years of commencement applies to the Company. On this basis, Thermax Nigeria Limited is exempt from minimum tax.

	31 March 2020	31 March 2019
	N'000	N'000
Deferred tax credit	**2,851**	-

7.2 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 2020	31 March 2019
	N'000	N'000
Loss before tax	**(3,771)**	(4,054)
Tax calculated at statutory rate @ 30%	**(1,131)**	(1,216)
Tax effects of:		
Expenses not deductible for tax purposes	**-**	(923)
Tax losses	**1,131**	-
Adjustment for deferred education tax	**2,851**	2,140
Income tax expense	**2,851**	-

7.3 Deferred 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 N2.85 million (2019: Nil) have been recognised as at 31 March 2020.

8 Accruals, provisions and other liabilities

This represents accruals for professional services, audit fees and secretarial fees incurred during the year.

	31 March 2020	31 March 2019
	N'000	N'000
Audit fee payable	**982**	1,027
Tax fee payable	**826**	909
Secretarial fee payable	**-**	526
Provision for VAT penalty	**390**	390
WHT liabilities	**598**	217
Salary payable	**1,531**	-
Pension payable	**164**	-
Payroll fees payable	**451**	-
Accounting fees payable	**1,397**	-
	6,339	3,069

9 Cash and cash equivalents

	31 March 2020	31 March 2019
	N'000	N'000
Cash at bank	**6,941**	10,550

10 Trade receivables

	31 March 2020	31 March 2019
	N'000	N'000
Balance due from related parties	**27,014**	-

11 Other current assets

	31 March 2020	31 March 2019
	N'000	N'000
Balance due from related parties	**107**	
Advance to employees	**558**	
Deposit for office rent*	**250**	
Prepayments	**13,372**	
	14,287	-

This relates to the expense of short term leases and low value items for which the Company has not recognised a right-of-use asset or lease liabilities.

12 Employee information

	31 March 2020	31 March 2019
	N'000	N'000
Salaries and wages	**11,524**	-
Pension cost - Retirement contribution plan	**984**	-
	12,508	-

Number of persons employed during the year

	2020 Number	2019 Number
	N'000	N'000
Sales and marketing department	2	-
Service department	2	-

The number of employees with emoluments within the bands stated above are

	2020 Number	2019 Number
	N'000	N'000
N100,000 - N1,000,000	2	-
N1,000,001 - N40,000,000	1	-
N40,000,001 -N 80,000,000	1	-

13 Related parties

The company is a wholly owned subsidiary of Thermax International Limited. There are other companies that are related to Thermax Nigeria Limited through common shareholdings or common directorships.

a Shares issue

		31 March 2020	31 March 2019
	Relationship	**N'000**	N'000
Thermax International Limited	Parent company	35,000	-

The Company issued additional 35,000,000 ordinary shares of N1 each during the year.

b Sale of goods and services

		31 March 2020	31 March 2019
	Relationship	**N'000**	N'000
Thermax Limited	Related company	27,014	-

Marketing and sales support services were provided to Thermax Limited during the year.

c Purchase of goods and services

There were no purchases from related parties during the year (2019: Nil).

d Amount due from related parties

	Relationship	31 March 2020 N'000	31 March 2019 N'000
Thermax Limited	Related company	27,014	-

e 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.

14 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.

15 Commitments

The Company had no capital commitments as at 31 March 2020 (2019: Nil).

16 Events after reporting period

In the first quarter of 2020, there was a COVID -19 outbreak which has spread globally. The outbreak was declared a Public Health Emergency of International concern by the World Health Organisation (WHO) in March 2020. As at the date of this report, several cases have been confirmed in Nigeria by the Nigerian Centre for Disease Control.

The disease has caused a significant reduction in social interaction, with a shutdown of public facilities and physical interaction. Measures taken to contain the virus have affected economic activity.

The Company did not experience any disruption of its activities during this period.

However, it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions used for some estimates and judgement, could require a material adjustment to the carrying amount of the asset or liability affected. We are unable to make a reasonable estimate at this point of the financial impact COVID-19 on our business.

Other national disclosures:

Statement of value added

	31 March 2020 N'000	%	31 March 2019 N'000	%
Revenue	**27,014**		-	
Other income	**8**		-	
Bought in materials and services	**27,022**		-	
Brought in materials and services:				
Local	**(18,285)**		(4,054)	
Value added	**8,737**	100	(4,054)	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	**12,508**	143%	-	-
Taxation:				
Tax credit	**(2,851)**	(33%)	-	-
To provide for enhancement of assets and growth:				
Retained loss for the year	**(920)**	(11%)	(4,054)	100%
Value added	**8,737**	100	(4,054)	100

This statement represents the distribution of the wealth created through the use of the company's assets through its own and its employees efforts.

Other national disclosures:

Three-year financial summary

	31 March 2020 N'000	31 March 2019 N'000	31 March 2018 N'000
Statement of financial position			
Non-current assets	**2,851**	-	-
Current assets	**48,242**	10,550	-
Current liabilities	**(9,532)**	(3,069)	(3,465)
Net assets/(liabilities)	**41,561**	7,481	(3,465)
Capital employed			
Share capital	**50,000**	15,000	-
Accumulated loss	**(8,439)**	(7,519)	(3,465)
Total equity	**41,561**	7,481	(3,465)

	31 March 2020 N'000	31 March 2019 N'000	31 March 2018 N'000
Statement of profit or loss			
Revenue	**27,014**	-	-
Operating loss	**(3,771)**	(4,054)	(2,089)
Taxation	**2,851**	-	-
Loss for the year	**(920)**	(4,054)	(2,089)

Thermax Nigeria Limited has only been in operation for 3 years and hence, a three-year financial summary has been presented.

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Board of Directors	*Registered Office*	*Auditors*
Rabindranath Pillai Bhavesh Chheda	Level 37, West Tower, World Trade Center, Colombo- 01	Emst & Young Chartered Accountants 201 De Saram Place P.O.Box 101 Colombo 107 Sri Lanka

Independent Auditor's Report

TO THE SHAREHOLDERS OF

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Thermax Energy & Environment Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and 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 2020 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.

26 May 2020

Colombo

Statement of Financial Position

As at 31 March 2020

ASSETS	Note No	31 March 2020		31 March 2019	
		LKR	Rs Lacs	LKR	Rs Lacs
Non-Current Assets					
Property, Plant and Equipment	4	**69,357**	**0.28**	81,676	0.32
		69,357	**0.28**	81,676	0.32
Current Assets					
Trade and other Receivables	5	**12,735,842**	**50.91**	24,473,740	96.51
Cash and Cash Equivalents	6	**149,843,002**	**598.98**	132,670,018	523.19
		162,578,844	**649.89**	157,143,758	619.70
Total Assets		**162,648,201**	**650.16**	157,225,434	620.03
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	7	**153,300,000**	**612.79**	153,300,000	604.54
Retained Earnings		**8,102,637**	**32.39**	1,752,127	6.91
Total Equity		161,402,637	**645.18**	155,052,128	611.45
Current Liabilities					
Trade and other payables	8	**948,940**	**3.79**	943,287	3.72
Income Tax Payable	11	**296,624**	**1.19**	1,230,020	4.85
		1,245,564	**4.98**	2,173,306	8.57
Total Liabilities		**1,245,564**	**4.98**	2,173,306	8.57
Total Equity and Liabilities		162,648,201	**650.16**	157,225,434	620.03

I certify that these Financial Statements comply with the reqirements 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
Bhavesh Chheda

Director
Rabindranath Pillai

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

Statement of Profit/Loss and other Comprehensive Income

Year ended 31 March 2020

	Note No	31 March 2020		31 March 2019	
		LKR	Rs Lacs	LKR	Rs Lacs
Revenue	9	**21,842,181**	**87.31**	21,868,607	86.24
Other Income		**900,762**	**3.60**		
Admistrative Expenses		**(20,605,832)**	**(82.37)**	(20,454,112)	(80.66)
Finance Income		**6,766,838**	**27.05**	8,346,064	32.91
Profit/(loss) before tax		**8,903,950**	**35.59**	9,760,559	38.49
Income Tax Expenses	10	**(2,553,441)**	**(10.21)**	(1,603,151)	(6.32)
Profit/(loss) for the year		**6,350,509**	**25.39**	8,157,408	32.17

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Statement of Changes in Equity

Year ended 31 March 2020

	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 2019	153,300,000	612.79	–	–	–	–	1,752,128	7.01	155,052,128	619.80
Issue of Shares	–	–	–	–	–	–	–	–	–	–
Profit / (Loss) for the year	–	–	–	–	–	–	6,350,509	25.39	6,350,509	25.39
Balance at 31st March 2020	**153,300,000**	**612.79**	**–**	**–**	**–**	**–**	**8,102,637**	**32.39**	**161,402,637**	**645.19**
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**

The accounting policies and notes on pages 07 through 16 form an integral part of these Financial Statements.

Exchange Rate as at 31 March 2020 is 1 LKR = Rs.0.399
Exchange Rate as at 31 March 2019 is 1 LKR = Rs.0.394

Cash Flow Statement

Year ended 31 March 2020

	Note No	31 March 2020		31 March 2019	
		LKR	Rs Lacs	LKR	Rs Lacs
Cash flows from/(used in) Oprating Activities					
Profit/(Loss) before Tax		**8,903,950**	**35.59**	9,760,559	38.49
Adjustments for					
Depreciation and Amortisation	4.2	**28,819**	**0.12**	27,788	0.11
Interest Received		**(6,766,838)**	**(27.05)**	(8,346,064)	(32.91)
Operating Profit/(Loss) before working Capital Changes		**2,165,931**	**8.66**	1,442,283	5.69
(Increase) / Decrease in Trade and other Receivables	5	**11,368,389**	**45.44**	(22,977,490)	(90.61)
(Increase) / Decrease in Pre payment and Advances					
Increase / (Decrease) in Trade and other Payables	8	**5,654**	**0.02**	493,539	1.95
Cash from/(used in) Operating Activities		**13,539,975**	**54.12**	(21,041,668)	(82.98)
Income Tax paid		**(3,117,329)**	**(12.46)**	(373,131)	(1.47)
Net Cash from/(used in) Operating Activities		**10,422,646**	**41.66**	(21,414,799)	(84.45)
Cash Flows from/(used in) Investing Activities					
Acquisition of property,Plant and Equipment	4.1	(16,500)	(0.07)	–	–
Net Cash from/(used in) Investing Activities		**(16,500)**	**(0.07)**	–	–
Cash Flows from/(used in) Financial Activities					
Interest received		6,766,838	27.05	8,346,064	32.91
Net Cash Flows from/(used in) Financial Activities		**6,766,838**	**27.05**	8,346,064	32.91
Net Increase/(Decrease) in Cash and Cash Equivalents		**17,172,984**	**68.65**	(13,068,735)	(51.54)
Cash and Cash Equivalents at the beginning of the year		**132,670,018**	**530.33**	145,738,753	574.73
Cash and Cash Equivalents at the end of the year		**149,843,002**	**598.98**	132,670,018	523.19

The accounting policies and notes on pages 07 through 16 from an integral part of these Financial Statements.

Exchange Rate as at 31 March 2020 is 1 LKR = Rs.0.399
Exchange Rate as at 31 March 2019 is 1 LKR = Rs.0.394

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 37, West Tower, World Trade Center, Colombo 01.

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 2020 were authorised for issue in accordance with the resolution of the Board of Directors on 26 May 2020.

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.

2.3 Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on a going concern basis.

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 recognized for all taxable temporary differences.

Deferred tax assets are recognized 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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 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.

Neither deferred tax asset nor liability have been recognized since there were no temporary taxable or deductible difference as of reporting date.

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 Defined Benefit Obligations

3.6.1 Defined Contribution Plan

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

In addition to above, The Company also contributes 8% of gross emoluments of The Country Manager to Employee's Provident Fund.

3.6.2 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision for retirement benefits payable to employee under the Payment of Gratuity Act No.12 of 1983 has not been made in the accounts since the number of employees of the Company not exceeded 15 as at 31st March 2020.

3.7 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.

3.8 Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Company revenue relates to providing marketing & sales support services to Thermax Ltd, India. Revenue from contract is recognized based on the terms in the related contracts and is recognized as the services are performed.

3.8.1 Interest Income

Interest income is recognised in the Statement of Profit or Loss as it accrues and is calculated by using the effective interest rate method.

3.9 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Balance As at 01.04.2019	Additions/ Revaluation	Disposal	Balance As at 31.03.2029
	Rs.	Rs.	Rs.	Rs.
4.1 Gross Carrying Amounts				
At Cost				
Computers & Software	117,000	16,500	–	**133,500**
Total Gross Carrying Amount	117,000	16,500	–	**133,500**

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	35,324	28,819	–	**64,143**
Total Depreciation	35,324	28,819	–	**64,143**

4.3 Net Book Value of Assets	2020	2019
	Rs.	Rs.
Computers & Software	**69,357**	81,676
Total Carrying Amount of Property, Plant and Equipment	**69,357**	81,676

4.4 Company has acquired Computer Accessories amounting to Rs. 16,500 during the financial year (2019 - Nil).

			2020	2019
			Rs.	Rs.
5.	**TRADE AND OTHER RECEIVABLES**			
	Trade Receivables From Related Party	Relationship	**9,866,431**	22,396,882
	Thermax Limited - India	Affiliate Company	**9,866,431**	22,396,882
	Other Receivables			
	Refundable Deposit		**798,750**	213,750
	WHT Receivables		**472,921**	369,508
	Prepayments		**1,393,285**	1,368,000
	VAT Receivables		**93,938**	-
	Others		**110,517**	125,600
			2,869,411	2,076,858
	Grand Total		**12,735,842**	24,473,740

		2020	2019
		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	**29,528,509**	9,663,947
	Short Term Deposits (Note 6.1)	**120,314,493**	123,006,071
		149,843,002	132,670,018
	Unfavorable Cash and Cash Equivalent Balances		
	Bank Overdrafts	–	–
	Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**149,843,002**	132,670,018
6.1	**Short Term Investments**		
	Call Deposits	**20,000,000**	20,000,000
	Investments in Fixed Deposit	**100,000,000**	100,000,000
	Interest Receivable on Fixed Deposits & Call Deposits	**314,493**	3,006,071
		120,314,493	123,006,071

		2020	2019
7.	**STATED CAPITAL**	**Number**	Rs.
	Fully Paid Ordinary Shares	**15,330,000**	153,300,000
		15,330,000	153,300,000

		2020	2019
8.	**TRADE AND OTHER PAYABLES**	Rs.	Rs.
	Accrued Expenses		
	Accounting Charges Payable	**87,402**	51,612
	BOI Fees Payable	**21,000**	82,800
	EPF Payable	**192,204**	122,570
	ETF Payable	**28,831**	18,387
	PAYE Payable	**134,517**	129,419
	Audit fee payable	**165,000**	226,699
	Payroll Processing Fees Payable	**16,678**	-
	Legal & Professional Fees Payable	**72,450**	-
	Vehicle Rent Payable	**-**	120,000
	Other Payables	**230,858**	191,800
		948,940	943,287

		2020	2019
9.	**REVENUE**	Rs.	Rs.
	Marketing and Sales Supporting Fees	**21,842,181**	21,868,607
		21,842,181	21,868,607

		2020	2019
10.	**TAXATION**	Rs.	Rs.
	Tax expense for the year (10.1)	**2,498,369**	1,230,020
	Under-provision from prior year	**55,072**	373,131
	Income tax expense reported in the Income Statement	**2,553,441**	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:

	2020	2019
	Rs.	Rs.
Accounting (Loss)/Profit before tax	**8,903,950**	9,760,558
Aggregate of Disallowed items	**51,346**	1,882,644
Aggregate of Allowed items	**(32,550)**	(29,250)
Income from other sources	**(6,766,838)**	(8,346,064)
Taxable Income from Trade and Business	**2,155,908**	3,267,889
Tax losses Utilized	–	(3,267,889)
Taxable Profit (loss)from Trade and Business	**2,155,908**	–
Other Sources of Income		
Interest Income	**6,766,838**	8,346,064
Tax losses utilized	–	(3,953,137)
Taxable Income from other sources	**8,922,746**	4,392,928
Income tax @ 28%	**2,498,369**	1,230,020
Accumulated Tax losses		
Tax Loss brought forward	–	7,221,025
Tax Losses incurred during the year	–	–
Tax Loss utilised during the year	–	(7,221,025)
Tax loss carried forward	–	–

11. INCOME TAX PAYABLE

	2020	2019
	Rs.	Rs.
Income tax payable		
At the beginning of the year	**1,230,020**	
Provision made during the year	**2,498,369**	1,230,020
Under Provision in respect of previous year	**55,072**	373,131
Payments made during the year	**(3,117,329)**	(373,131)
WHT Set-Off	**(369,508)**	
Balance at the end of the year	**296,624**	1,230,020

12. COMMITMENTS AND CONTINGENCIES

The Company does not have commitments and contingencies as at Reporting date.

13. ASSETS PLEDGED

The Company does not have asset pledged as at Reporting date.

14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Reporting Date which require adjustment to or disclosure in the Financial Statements.

15. RELATED PARTY DISCLOSURE

15.1. Transactions with the Related Entity

	Affiliated Company Thermax Limited India	
Nature of Transaction		
	2020	2019
	Rs.	Rs.
As at 1 April	**22,396,882**	–
Debit Notes	–	528,275
Credit Notes	–	–
Receipts	**(35,273,394)**	–
Marketing and Sales Supporting Services	**21,842,181**	21,868,607
Exchange Gain	**900,762**	–
Balance as at 31 March	**9,866,431**	22,396,882

15.2. Transactions with Key Management Personnel of the Company.

The key management personnel of the company are the members of its Board of Directors and its Country Manager.

Key Management Personnel Compensation

	2020	2019
	Rs.	Rs.
Transactions with Key Management Personnel		
Short Term Benefits	**9,717,632**	8,913,068
Performance Incentives	**661,194**	913,255
Post Employment Benefits	**1,075,717**	1,013,774

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is mainly exposed to foreign currency risk, credit risk, Recoverable Risks, Liquidity Risks, operational risk, & Compliance Risk .

16.1. FINANCIAL RISK MANAGEMENT

Foreign exchange risk

The Company's exposure to foreign exchange risk is significant as its main income is through foreign currency transactions. Company's one and only customers is denominated in United States Dollar . Hence, the element of risk is generated through the translation of such transactions into the reporting currency, i.e. Sri Lankan Rupees. Therefore, any form of fluctuation in the Exchange Rate will have an impact on the company which resulted in losses to the company.

The Company manages its foreign currency risk by giving shorter credit term to its one and only customer to avoid severe exchange losses.

Credit risk

The Company does not face any credit risk as it does not have any receivables with outside other than its group of companies.

Trade Receivables

Trade Receivables is from Related Party, Hence, no risk associated with it as the amounts are received accordingly to the credit period given.

Liquidity risk

The company is assured of any financial support from its immediate parents in case if they fall due to meet its obligations hence enabling them to continue their operation as a going concern. However, the company uses the above option only as a last resort. The company tries to manage its liquidity through its recoveries alone.

Operational Risk

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

Compliance Risk

Compliance risk is defined as the potential financial loss or other damages arising from the failure to adhere to any law or regulatory requirement applicable to the Company, such as the Company's Act of 07 of 2007, Sri Lanka Accounting and Audit Standards, guidelines set by Inland Revenue Department and Board of Investment Sri Lanka.

THERMAX ENGINEERING CONSTRUCTION FZE

Board of Directors	*Registered Office*	*Independent auditor*
Pravin Karve (Indian) Shailesh Nadkarni (Indian)	Dangote Industries Free Zone Development Company Lagos Free Zone Lekki Costal Road, Ibeju-Lekki Lagos	PricewaterhouseCoopers Chartered Accountants Landmark Towers 5B Water Corporation Road Victoria Island Lagos
Company Secretary	***Corporate Office***	***Bankers***
Eko Nominees Limited 5B Water Corporation Road Victoria Island Lagos	Dangote Industries Free Zone Development Company Lagos Free Zone Lekki Costal Road, Ibeju-Lekki Lagos	Citi Bank Nigeria Limited 27 Kofo Abayomi Street Victoria Island Lagos

Independent Auditor's Report

To the Members of
Thermax Engineering Construction FZE

Report on the audit of the financial statements

Our opinion

In our opinion, Thermax Engineering Construction FZE's ("the enterprise's") financial statements give a true and fair view of the financial position of the enterprise as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Financial Reporting Council of Nigeria Act.

What we have audited

Thermax Engineering Construction FZE's financial statements comprise:

- the statement of financial position as at 31 March 2020;
- the statement of profit or loss or other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, 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 enterprise in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. 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 Value Added Statement and Two-Year Financial Summary, 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 (IFRS), 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 enterprise'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 enterprise or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the enterprise'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 enterprise'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 enterprise'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 enterprise 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.

For: **PricewaterhouseCoopers** 29 July 2020
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Thermax Engineering Construction FZE
Annual report and financial statements
For the 20 month period ended 31 March 2020

Statement of Profit and Loss and Other Comprehensive Income

	Notes	20 months ended 31 March 2020	
CONTINUING OPERATIONS		**NGN'000**	**Rs. Lacs**
Revenue	5	263,797	553.61
Operating expenses	6	(68,432)	(143.61)
Other income		12	0.02
Profit for the year		**195,377**	**410.02**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserves	10	35,853	75.24
Total comprehensive income		**231,230**	**485.00**
Earnigs per share (Naira)		2,312	4.85

The notes on pages 9 to 21 form an integral part of these financial statements.

Thermax Engineering Construction FZE
Annual report and financial statements
For the 20 month period ended 31 March 2020

Statement of Financial Position

Particulars	Notes	March 31, 2020	
		NGN'000	**Rs. Lacs**
ASSETS			
Current assets			
Cash and cash equivalents	8	233,581	490.20
Trade and other receivables	9	210,788	442.36
Total assets		**444,369**	**932.56**
LIABILITIES			
Current liabilities			
Accruals, provisions and other liabilities	7	106,439	223.37
Trade payables	12	76,135	159.78
Total liabilities		**182,574**	**383**
EQUITY			
Share capital	4	30,565	64.14
Foreign currency translation reserves	10	35,853	75.24
Retained earnings		195,377	410.02
Total equity		**261,795**	**549.41**
Total equity and liabilities		**444,369**	**932.56**

The financial statements on pages 5 to 23 were approved and authorised for issue by the board of directors on 15 June 2020 and were signed on its behalf by:

Pravin Karve
Director

Shailesh Nadkarni
Director

The notes on pages 9 to 21 form an integral part of these financial statements.

THERMAX ENGINEERING CONSTRUCTION FZE

Thermax Engineering Construction FZE
Annual report and financial statements
For the 20 month period ended 31 March 2020

Statement of Changes in Equity

		Attributable to equity holders of the Company							
		Share capital		Foreign currency translation reserves		Retained earnings		Total	
	Notes	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Balance at 31 August 2018									
Issue of new shares	4	30,565	64			-	-	30,565	64
Balance at 31 March 2019		**30,565**	**64**	-	-	-	-	**30,565**	**64**
Balance at 1 April 2019		30,565	69		-	-	-	30,565	69
Foreign currency translation reserves	10	-	-	35,853	81	-	-	35,853	81
Profit for the period		-	-		-	195,377	442	195,377	442
Balance at 31 March 2020		**30,565**	**69**	**35,853**	**81**	**195,377**	**442**	**261,795**	**592**

The notes on pages 9 to 21 form an integral part of these financial statements.

Thermax Engineering Construction FZE
Annual report and financial statements
For the 20 month period ended 31 March 2020

Statement of Cash flows

	31 March 2020	
	NGN'000	Rs. Lacs
Cash flows from operating activities		
Loss on ordinary activities before taxation	195,377	410.02
Foreign currency translation reserves	35,853	75.24
	231,230	**485.26**
Changes in working capital:		
Increase in accruals, provisions and other liabilities	106,439	223.37
Increase in trade payables	76,135	159.78
Increase in trade receivable	(180,223)	(378.22)
Net cash outflow from operating activities	**233,581**	**490.20**
Cash flows from financing activities		
Issued share capital	-	-
Net cash inflow from financing activities	**-**	**-**
Net increase in cash and cash equivalents	233,581	490.20
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	**233,581**	**490.20**

The notes on pages 9 to 21 form an integral part of these financial statements.

For the year ended 31 March 2020 Notes to the financial statements

1 General information

Thermax Engineering Construction FZE was incorporated in Nigeria Export Processing Zone Authority (NEPZA) as an Enterprise in the Lagos Free Zone in 2018. The Enterprise is domiciled in Nigeria and the address of its registered office is:

Dangote Industries Free Zone Development Company
Lagos Free Zone
Lekki Costal Road, Ibeju-Lekki
Lagos

Thermax Engineering Construction FZE was incorporated on 31 August 2018 to carry on the business of equipments installation, erection & commissioning, providing all technical and supervision services, deputing sub contractors and any other work in relation to and incidental to perform these activites.

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.

2.2 Basis of preparation

The financial statements of Thermax Engineering Construction FZE 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). Additional information required by national regulations is included where appropriate.

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 Enterprise'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 Enterprise's financial statements therefore present the financial position and results fairly.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The directors are of the opinion that the Enterprise 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.

The directors have no doubt that the Enterprise would remain in existence after twelve months from the date these financial statements have been approved.

2.2.2 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations adopted by the Enterprise

In the 20 month period just ended, the Enterprise has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations.

IFRS 16, Leases

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.

IFRS IC 23, Uncertainty over income tax treatments

The IFRS interpretation is effective for annual periods beginning on or after 1 January 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:

- 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,
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored,
- 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,
- 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
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

ii) New standards, amendments, interpretations issued but not yet effective

The Enterprise has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Enterprise's accounting periods beginning after 1 April 2020 or later periods:

- Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised conceptual framework

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Enterprise.

Other amendments and standards are not deemed to relate to the transactions of the Enterprise.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services stated net of value added taxes (VAT). Sale of services are recognised in the period in which the costs incurred in providing the services are recognised.

Revenue comprises the net value of goods and services invoiced to third parties after deduction of any trade discounts and VAT. Turnover from sale is recognised upon transfer to control to the buyer.

A valid contract is recognised as revenue after:

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Enterprise is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

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 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Enterprise pays fixed contributions into separate entities such as National Pension Commission on a mandatory, contractual or voluntary basis. The Enterprise has no further payment obligations once the contributions have been paid.

2.6 Trade, other receivables and assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit term is 7-90 days upon delivery. The Enterprise has applied the simplified approach for trade and other receivables upon the adoption of IFRS 9 and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 36 months before 31 March 2020 and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Enterprise expects to receive. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses.

If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses. Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.8 Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.9 Provisions

Provisions are recognised when: the Enterprise 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.

Where the Enterprise expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, 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.

2.10 Financial assets and liabilities

Financial assets and liabilities (i.e. financial instruments) are recognized when the Enterprise becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Thermax Nigeria Limited has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.10.1 Classification

Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(ii) Loans and receivables

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 twelve months after the end of the reporting period. These are classified as non-current assets. Thermax FZE's loans and receivables comprise trade, customer advances and other receivables in the statement of financial position.

(iii) Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts

2.10.2 Recognition and measurement

(i) Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the income statement. Gains and losses arising from changes in fair value are presented in the statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

(ii) Loans and receivables

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

2.11 Offsetting financial assets and financial liabilities

The Enterprise offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Enterprise or the counterparty.

2.12 Impairment of financial assets

The Enterprise assesses at the end of each reporting period whether there is objective evidence that a financial asset or 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 the financial asset or group of financial assets that can be reliably estimated.

2.13 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.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. Diluted earnings per share incorporates potentially diluted shares at the statement of financial position date.

2.15 Foreign currency translation

(i) Functional and presentation currency

The Enterprise functional currency is in US Dollars, which is different from the presentation currency of this Financial Statements. The Financial Statements was prepared in Nigerian Naira, rounded to the nearest thousand, which is the reporting economic environment for Thermax Engineering Construction FZE.

The monetary items are translated using the closing rate (exchange rate at the end of the reporting period), while non-monetary items measured on the basis of historical cost which is the exchange rate at the date of the transaction and the statement of profit or loss item translated using the average rate for the current period.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from translation of monetary assets and liabilities denominated in currencies other than the entity's functional currency at period end exchange rates, are recognized in the income statement.

2.16 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.17 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Enterprise's accounting policies. There are no financial statement line items involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements.

3 Financial risk management

The Enterprise's activities expose it to financial risk - credit risk, liquidity risk and market risk. Risk management is carried out by management, management identifies and evaluates the financial risks in co-operation with the Enterprise's operating units and; provides written principles for overall risk management, as well as written policies covering specific areas. The Enterprise's overall risk management program seeks to minimize potential adverse effects on the Enterprise's financial performance.

3.1 Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The balances exposed to credit risk are as disclosed below:

	31 March 2020
	N'000
Trade and other receivables (Note 9)	210,788
Cash and cash equivalents (Note 8)	233,581
Financial assets bearing credit risk	**444,369**

Below is the breakdown of trade and other receivables that are neither past due nor impaired and past due but not impaired.

	31 March 2020
	N'000
Neither past due nor impaired:	
Trade receivables	174,738
Due from related parties	36,050
	210,788

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the credit policy of the Enterprise.

Cash and bank balance fall under neither past due nor impaired.

Fitch ratings of cash and bank balances are:

	31 March 2020
	N'000
B+	**233,581**

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. This is based on Fitch national long-term rating.

3.2 Liquidity risk

3.2.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities.

The Enterprise evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Enterprise devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The Enterprise has no limitation placed on its borrowing capability.

The table below analyses the Enterprise's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2020

	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
	N'000	N'000	N'000	N'000
Accruals, provisions and other liabilities (Note 7)	-	106,439	-	**106,439**
Trade payables	-	76,135	-	**76,135**
	-	182,574	-	**182,574**

3.3 Market risk

3.3.1 Management of market risk

Market risk is the risk of change in the fair value of financial instruments due to changes in interest rates and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Enterprise's exposure to interest rate risk relates primarily to a long term borrowing from banks. There are no borrowings as the end of the period.

(ii) Foreign exchange risk

The Enterprise is exposed to foreign exchange risk arising from commercial transactions. Following balances exposed to exchange risk at the end of the period.

Trade Receivable : NGN 210787.7
Trade Payable : NGN 76134.72

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. There are foreign denominated balances that are exposed to fluctuations in foreign exchange rates.

The sensitivity of the Enterprise's earnings to fluctuations in exchange rates is reflected by varying the exchange rates as shown below:

	31 March 2020
	N'000
Impact on account receivable balance	
Increase in US Dollars exchange rate against NGN +20%	252,945.20
Decrease in US Dollars exchange rate against NGN -20%	(168,630.14)
Impact on account payable balance	
Increase in US Dollars exchange rate against NGN +20%	(91,361.66)
Decrease in US Dollars exchange rate against NGN -20%	60,907.77

(iii) Price risk

Price risk is the risk that prices of internationally traded commodities or equity prices will change. The Enterprise does not trade in quoted securities and commodities.

Capital risk management

The Enterprise's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Enterprise may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Enterprise monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. However, the Enterprise does not currently have any borrowings.

Fair value hierarchy

IFRS 13 requires the Enterprise to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. A description of the fair value hierarchy is detailed below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All the Enterprise's financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy.

Financial instruments by category

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value.

(i) Financial assets classified as loans and receivables
The carrying value of the Enterprise's financial assets as at 31 March 2020 is the same as its fair value.

(ii) Financial liabilities carried at amortised cost
The carrying value of the Enterprise's financial liabilities as at 31 March 2020 is the same as its fair value.

4 Share capital

The Enterprise 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 2020
	N'000
Authorised and issued	
100,000 ordinary shares of $ 1 each using NGN305.65 exchange rate	30,565
Paid-up Capital:	
100,000 ordinary shares of $ 1 each	-

Details for the Enterprise's shares is as follows:

The Enterprise has allotted shares of 100,000 at $ 1 each which is N30,565,000 in Naira of which N30,565,00 are currently allotted to Thermax Engineering Construction Company Ltd using historical rate as the date the transaction was done of which none has been paid.

5 Revenue

Thermax FZE revenue comprises management, supervision and commissioning fee, etc earned from contract services provided by the Enterprise to its customer in Nigeria.

	20 months ended 31 March 2020
	N'000
Services	**263,797**

6 Operating expenses

	20 months ended 31 March 2020
	N'000
Travel expenses	54,096
Contracted manpower cost	11,796
Audit fee	1,298
Professional fees	1,210
Bank charges	32
	68,432

7 Accruals, provisions and other liabilities

This represents accruals for professional services, audit fees and secretarial fees incurred during the period.

	20 months ended 31 March 2020
	N'000
Advance customer payment	103,541
Audit fee payable	1,500
Other expenses payable	1,398
	106,439

8 Cash and cash equivalents

	20 months ended 31 March 2020
	N'000
Cash at bank	**233,581**

9 Trade and other receivables

	20 months ended 31 March 2020
	N'000
Trade receivables	174,738
Due from related parties	36,050
	210,788

10 Foreign currency translation reserves

	20 months ended 31 March 2020
	N'000
Translation reserves	**35,853**

Translation rates	**2020**
	N
Historical rate	306
Average rate	312
Closing rate	361

11 Employee information

The Enterprise did not have any employees during the period.

12 Related parties

The Enterprise is a wholly owned subsidiary of Thermax Limited. There are other companies that are related to the Enterprise through common shareholdings or common directorships.

a) Sale of goods and services

There were no sales to related parties during the 20 month period ended.

b) Purchases from related parties

		31 March 2020
	Relationship	N'000
Thermax Engineering Construction Ltd	Related party	76,135

Reimbursement for contracted manpower and incidental costs.

d) Receivables from related parties

		31 March 2020
	Relationship	N'000
Thermax Engineering Construction Ltd	Related party	36,050

Amounts due from Thermax Engineering Construction Company Ltd is in respect of the alloted share capital at the period end closing rates.

e) Payable to related parties

		31 March 2020
	Relationship	N'000
Thermax Engineering Construction Ltd	Related party	76,135

Reimbursement for contracted manpower and incidental costs.

g) Key management compensation

Key management personnel of the Enterprise includes the directors. No compensation was paid or is payable to key management for employee services.

13 Contingent liabilities

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Enterprise had no contingent liability as at the time of this report.

14 Commitments

The Enterprise had no capital commitments as at 31 March 2020.

15 Events after reporting period

In the first quarter of 2020, there was a COVID -19 outbreak which has spread globally. The outbreak was declared a Public Health Emergency of International concern by the World Health Organisation (WHO) in March 2020. As at the date of this report, several cases have been confirmed in Nigeria by the Nigerian Centre for Disease Control.

The disease has caused a significant reduction in social interaction, with a shutdown of public facilities and physical interaction. Measures taken to contain the virus have affected economic activity.

In the light of these recent developments and its underlying impact, the Enterprise did not experienced any temporary shutdown of its activities.

However, it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions used for some estimates and judgement, could require a material adjustment to the carrying amount of the asset or liability affected. We are unable to make a reasonable estimate at this point of the financial impact COVID-19 on our business.

Other national disclosures:

Statement of value added

	20 months ended 31 March 2020	
	N'000	%
Revenue	263,797	
Other income	12	
Bought in materials and services	263,809	
Brought in materials and services:		
Local	(32,579)	
Value added	**231,230**	**100**
Applied as follows:		
To provide for enhancement of assets and growth:		
Retained profit for the year	231,230	100
Value added	**231,230**	**100**

This statement represents the distribution of the wealth created through the use of the Enterprise's assets through its own and its employees efforts.

DANSTOKER POLAND SP. ZO.O.

Management Board Member	*Registered Office*	*Auditors*
Rakesh Tripathi (Chairman of the Board) ***Peter Overgaard (Vice Chairman of the Board)*** ***Sanjay Reddy (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 New Board Appointment on Oct 4th 2019. From that moment and 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 Rakesh Tripathi – Chairman of The Board, Peter Overgaard – Vice Chairman of the Board and Sanjay Reddy – The Board Member. Each of the Board Member is allowed to represent the Company independently.

On May 4th 2017 Danstoker Poland received loan in the amount of 13.116.129 PLN (23.099.911 DKK) that gradually increased to 23.729.263 PLN (41.647.703 DKK) by December 31st 2019. The loan was utilized to acquire boiler manufacturing facility from Weiss Sp. z o.o. and partially for working capital requirement of Danstoker Poland Sp. z O.O.

As on 6th March, 2020 part of above loan of PLN 17.500.000 PLN was converted into share capital. This was effected by issuing 8900 shares (nominal value of PLN 50) for a price of PLN 1966.29 per share, i.e. increase in share capital of PLN 445.000 with share premium of 17.055.000 totaling to 17.500.000 PLN.

II. Foreseen Company development

Danstoker Poland has plan to become significant player in Poland and Eastern Europe. The company is in a process of creating awareness in the market and would leverage on Dasnstoker and Thermax brands.

III. Achievements in research and development

The company does not carry out research and development.

IV. Current and forecasted financial situation

During third financial year the Company recorded operating loss of 6.009k PLN. Sales revenue was 23.594K PLN, including intercompany revenue of 9.306k PLN. Turnover plan assumes substantial sales increase and profit achievement.

Current financial situation (data in thousands of Polish złoty)

1. Balance = 33.797
2. Net Loss = 6.009
3. Achieved revenues: 23.594 comprises of:
   a) Sales revenue 22.248
   b) Other operating revenue: 1.280
   c) Financial revenues: 67
4. Operating cost: 29.474 comprises of:
   a) Costs by type: 27.989
   b) Other operating cost: 1.053
   c) Financial cost: 432

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 against currency risk and fluctuations. The company settles accounts with Group companies in Polish currency when it comes to sales and in Danish currency when it comes to loan. 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.

The company finances its operaions with 0-interest loan which is safe from tax point of view only when makes a loss. Corporate Income Tax records the untaxed income from interest free loan.

Risk of financial liquidity loss. The company is subject to loss of liquidity risk. The company uses bank guarantees and prepayments from customers to avoid insolvency of the Buyer and at the same time finances captive orders.

VIII. Financial indicators

The company decided not to present key financial indicators due to lack of comparability between financial year/period

IX. Non-financial indicators

Employee turnover = 17,4%

Number of accidents at work = 0.

October 7th 2020

………………………………………………
Rakesh Tripathi
Chairman of The Board

……………………………………………..
Peter Overgaard
Vice-Chairman of the Board

………………………………………………
Sanjay Reddy
Member of The Board

X. MANAGEMENT'S DECLARATION

In accordance with Article 52 of the Accounting Act of 29 September 1994 with subsequent amendments, the Management Board of the Company Danstoker Poland Sp. z o.o. presents its financial statements for the financial year ended March 31st 2020, consisting of:

- the balance sheet prepared as at March 31st 2020,
- the profit and loss account for the period April 1st 2019 to March 31st 2020,
- the statement of cash flows for the period April 1st 2019 to March 31st 2020, the statement of changes in shareholders' equity for the period. April 1st 2019 to March 31st 2020,
- additional information, consisting of introduction and notes to the financial statements.

The financial statements are accompanied by the Directors' Report on the Company's activities for the period covered by the financial statements.

The financial statements have been prepared in accordance with the presented provisions of the Accounting Act, and give a true and fair view of the Company's financial position and financial result.

Signatures of Company representatives

Rakesh Tripathi Chairman of the Board	Kurt Myhlert Olsen (person in charge of the books of account)

Peter Overgaard
Vice chairman of the Board

Sanjay Reddy
Member of the Board

ADDITIONAL INFORMATION

I. 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:

- Rakesh Tripathi
- Peter Overgaard
- Sanjay Reddy.

2. Presentation of financial statements

The Company is presenting its financial statements for the financial year from April 1st 2019 to March 31st 2020.

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. Until Covid-19 there were no known threats to the Company's going concern, except for temporary supply chain difficulties and price increases, which did not affect production. More information regarding influence of COVID-19 on the enterprise is included in Note 23 of additional information. The company had converted part of loan to show positive equity. The company has been assured by its owner on further supporting the business. With that there are no ot he 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 1st Apr 2019 as well as comparative financial data for the 15-month financial year ended on March 31st 2019.

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

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	0%
- 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. Thus the Company's currency risk is associated primarily with changes in the EUR. Intercompany services depend on 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, October 7th 2020

Management Board

…………………………………………………
Rakesh Tripathi
Chairman of The Board

………………………………………………..
Peter Overgaard
Vice-Chairman of the Board

…………………………………………………
Sanjay Reddy
Member of The Board

BALANCE SHEET as at 31.03.2020

ASSETS	Note No	31 Mar 2020		31 Mar 2019	
		PLN	Rs Lacs	PLN	Rs Lacs
A. NON-CURRENT ASSETS		**25,305,556**	**4,626.56**	26,446,868	4,766.36
I. Intangible fixed assets		**1,026**	**0.19**	3,487	0.63
1. Costs of completed research and development		–	–	–	–
2. Goodwill		–	–	–	–
3. Other intangible fixed assets		**1,026**	**0.19**	3,487	0.63
4. Advances for intangible fixed assets		–	–	–	–
II. Tangible fixed assets		**24,507,978**	**4,480.74**	25,571,139	4,608.53
1. Fixed assets		**24,507,978**	**4,481**	25,403,365	4,578
a) land (of which in perpetual usufruct)	32	**1,568,582**	**286.78**	1,568,582	282.70
b) buildings and constructions	32	**19,113,325**	**3,494.45**	19,711,795	3,552.54
c) plant and equipment	32	**3,457,564**	**632.14**	3,686,174	664.34
d) vehicles	32	**187,286**	**34.24**	236,181	42.57
e) other fixed assets	32	**181,222**	**33.13**	200,633	36.16
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		**796,552**	**145.63**	872,241	157.20
1. Deferred income tax assets	31	–	–	872,241	157.20
2. Other prepayments	31	**796,552**	**145.63**	–	–
B. CURRENT ASSETS		**8,491,868**	**1,552.55**	3,928,266	708.92
I. Inventory		**5,025,748**	**918.85**	1,719,267	309.85
1. Raw materials	34	**2,930,031**	**535.69**	1,282,263	231.09
2. Semi-finished products and work in progress	34	**1,420,445**	**259.70**	333,977	60.19
– of which constructions in progress		–	–	–	–
3. Finished products	34	**544,514**	**99.55**	14,302	2.58
4. Goods for resale	34	–	–	–	–
5. Advances for supplies and services	34	**130,758**	**23.91**	88,726	15.99
II. Short-term receivables		**2,003,826**	**366.36**	1,903,182	343.00
1. Receivables from related parties		**650,036**	**118.84**	1,203,339	216.87
a) trade receivables, with due dates:		**650,036**	**118.84**	1,203,339	216.87
– within 12 months	6	**650,036**	**118.84**	1,203,339	216.87
– in more than 12 months	6	–	–	–	–
b) other	6	–	–	–	–

DANSTOKER POLAND SP. ZO.O.

ASSETS	Note No	31 Mar 2020		31 Mar 2019	
		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		**1,353,790**	**247.51**	699,843	126.13
a) trade receivables, with due dates:		**837,251**	**153.07**	534,454	96.32
– within 12 months	6	**837,251**	**153.07**	534,454	96.32
– in more than 12 months	6	–	–	–	–
b) tax, subsidy, customs, social and health insurance and other public receivables	6	**458,378**	**83.80**	107,227	19.32
c) other	6	**352**	**0.06**	352	0.06
d) receivables in court	6	**57,810**	**10.57**	57,810	10.42
III. Short-term investments		**1,388,676**	**253.89**	233,900	42.88
1. Short-term financial assets		**1,388,676**	**253.89**	233,900	42.88
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		**1,388,676**	**253.89**	233,900	42.88
– cash in hand and at bank	1	**1,388,676**	**253.89**	233,900	42.88
– other cash	1	–	–	–	–
– other cash assets	1	–	–	–	–
2. Other short-term investments		–	–	–	–
IV. Short-term prepayments	31	**73,617**	**13.46**	71,917	13.19
– of which: assets from unfinished construction contracts		–	–	–	–
C. Unpaid share capital		–	–	–	–
D. Treasury (own) shares		–	–	–	–
TOTAL ASSETS		**33,797,423**	**6,179.11**	30,375,134	5,475.28

BALANCE SHEET as at 31.03.2020

LIABILITIES AND EQUITY			Note No	31 MAR 2020		31 MAR 2019	
				PLN	Rs Lacs	PLN	Rs Lacs
A.	EQUITY			**6,306,097**	**1,152.93**	(4,907,887)	(884.52)
I.	**Share capital**		3	**450,000**	**82.27**	5,000	0.90
II.	**Reserve capital, of which:**			**17,055,000**	**3,118.13**	–	–
	– 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**			**(5,190,329)**	**(948.94)**	(1,145,178)	(206.39)
VI.	**Net profit (loss) for the year**		4	**(6,008,573)**	**(1,098.54)**	(3,767,709)	(679.03)
VII.	**Advanced distributions of profit made in the financial year (negative value)**			–	–	–	–
B.	LIABILITIES AND COST PROVISIONS			**27,491,326**	**5,026.18**	35,283,021	6,358.85
I.	**Cost provisions**			**3,157,013**	**577.19**	2,652,507	478.05
	1.	Provision for deferred income tax	13	**2,760,732**	**504.74**	2,429,668	437.88
	2.	Provision for retirement and similar benefits		–	–	–	–
	–	long-term	13	–	–	–	–
	–	short-term	13	–	–	222,839	40.16
	3.	Other provisions		**396,282**	**72.45**	222,839	40.16
	–	long-term	13	–	–	–	–
	–	short-term	13	**396,282**	**72.45**	222,839	40.16
II.	**Long-term liabilities**			**6,848,294**	**1,252.06**	19,702,620	3,550.88
	1.	To related parties	7	**6,848,294**	**1,252.06**	19,702,620	3,550.88
	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**			**7,541,279**	**1,378.76**	2,562,775	461.87
	1.	Liabilities to related parties		**2,695,232**	**492.76**	587,083	105.81
	a)	trade payables with due dates:		**2,695,232**	**492.76**	587,083	105.81
		– within 12 months	7	**2,695,232**	**492.76**	587,083	105.81
		– 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		**4,816,183**	**880.53**	1,943,973	350.35
	a)	credits and loans	7	–	–	67	0.01
	b)	debt securities	7	–	–	–	–
	c)	other financial liabilities	7	–	–	–	–
	d)	trade payables with due dates		**2,429,954**	**444.26**	832,811	150.09
		– within 12 months	7	**2,429,954**	**444.26**	832,811	150.09
		– in more than 12 months	7	–	–	–	–
	e)	advances received for supplies and services	7	**1,250,440**	**228.62**	–	–
	f)	promissory notes	7	–	–	–	–
	g)	tax, customs, social and health insurance and other public payables	7	**622,243**	**113.76**	527,626	95.09
	h)	payroll	7	**512,721**	**93.74**	413,535	74.53
	i)	other	7	**826**	**0.15**	169,933	30.63
	4.	Special funds		**29,865**	**5.46**	31,719	5.72
IV.	**Accruals**			**9,944,739**	**1,818.18**	10,365,119	1,868.04
	1.	Negative goodwill	31	**9,928,047**	**1,815.12**	10,346,070	1,864.61
	2.	Accrued construction contracts	31	–	–	–	–
	3.	Other accruals		**16,692**	**3.05**	19,048	3.43
	–	long-term	31	–	–	–	–
	–	short-term	31	**16,692**	**3.05**	19,048	3.43
TOTAL LIABILITIES AND EQUITY				**33,797,423**	**6,179.11**	30,375,134	5,474.33

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PROFIT AND LOSS ACCOUNT [by nature] for 01.04.2019 - 31.03.2020

		Note No	01.04.2019 - 31.03.2020		01.01.2018 - 31.03.2019	
			PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
A.	**Net revenue from sales and sales equivalent, of which:**		**22,248,111**	**4,067.58**	18,207,464	3,281.42
	– from related parties	14	**9,306,216**	**1,701.44**	10,746,429	1,936.76
	I. Net revenue from the sale of finished products	25	**20,238,550**	**3,700.17**	17,928,768	3,231.19
	II. Change in finished products (increase – positive value, decrease – negative value)	34	**1,616,680**	**295.57**	(214,425)	(38.64)
	– of which constructions in progress		–	–	–	–
	III. Cost of producing goods for the entity's own needs	26	–	–	35,544	6.41
	IV. Net revenue from the sale of goods for resale and raw materials	25	**392,881**	**71.83**	457,577	82.47
B.	**Operating costs**		**27,988,862**	**5,117**	22,865,313	4,121
	I. Depreciation	26	**1,347,033**	**246.28**	1,649,801	297.33
	II. Use of materials and energy	26	**9,764,855**	**1,785.29**	6,570,099	1,184.09
	III. Third party services	26	**6,834,997**	**1,249.63**	3,970,702	715.62
	IV. Taxes and charges, of which:	26	**322,573**	**58.98**	415,687	74.92
	– excise tax	26	–	–	–	–
	V. Wages and salaries	26	**7,424,009**	**1,357.32**	7,755,694	1,397.76
	VI. Social insurance and other employee benefits, of which:	26	**1,732,821**	**316.81**	1,840,633	331.73
	– retirement	26	–	–	700,735	126.29
	VII. Other costs by nature	26	**275,044**	**50.29**	308,472	55.59
	VIII. Cost of goods for resale and raw materials sold		**287,530**	**52.57**	354,226	63.84
C.	**Sales profit (loss) (A-B)**		**(5,740,751)**	**(1,049.57)**	(4,657,849)	(839.46)
D.	**Other operating revenue**		**1,279,605**	**233.95**	843,489	152.02
	I. Profit on the sale of non-financial fixed assets		–	–	81	0.01
	II. Subsidies		–	–	–	–
	III. Revaluation of non-financial assets	27	–	–	–	–
	IV. Other operating revenue	27	**1,279,605**	**233.95**	843,407	152.00
E.	**Other operating costs**		**1,052,552**	**192.44**	302,593	55.48
	I. Loss on the sale of non-financial fixed assets		**4,994**	**0.91**	–	–
	II. Revaluation of non-financial assets	28	–	–	–	–
	III. Other operating costs	28	**1,047,558**	**191.52**	302,593	54.53
F.	**Operating profit (loss) (C+D-E)**		**(5,513,697)**	**(1,008.06)**	(4,116,953)	(742.92)
G.	**Financial revenue**		**66,524**	**12.16**	27	0.00
	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	**15**	**0.00**	27	0.00
	– 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	**66,509**	**12.16**	–	–
H.	**Financial costs**		**432,089**	**79**	539,479	97.26
	I. Interest, of which	30	**2,215**	**0.40**	10,513	1.93
	– to related parties	30	**45**	**0.01**	–	–
	II. Loss on the sale of financial assets, of which:		–	–	–	–
	– in related parties		–	–	–	–
	III. Revaluation of financial assets		–	–	–	–
	IV. Other	30	**429,874**	**78.59**	528,965	95.33
I.	**Gross profit (loss) (F+G-H)**		**(5,879,262)**	**(1,074.89)**	(4,656,405)	(742.91)
J.	**Income tax**	10	**129,311**	**23.64**	(888,695)	(160.16)
K.	**Other taxes**		–	–	–	–
L.	**Net profit (loss) (I-J-K)**		**(6,008,573)**	**(1,101.65)**	(3,767,709)	(690.79)

Statement of cash flows (PLN) (indirect method)

	Note No	01.04.2019 - 31.03.2020 PLN	01.04.2019 - 31.03.2020 Rs Lacs	01.01.2018 - 31.03.2019 PLN	01.01.2018 - 31.03.2019 Rs Lacs
A. Cash flows from operating activities					
I. Net profit (loss)		**(6,008,573)**	**(1,098.54)**	(3,767,709)	(679.03)
II. Total adjustments		**3,142,393**	**575**	(1,189,297)	(214)
1. Depreciation	RZIP_p	**1,347,033**	**246.28**	1,649,801	297.33
2. Foreign exchange gains (losses)	29, 30	**343,307**	**62.77**	470,609	84.82
3. Interest and shares in profits (dividends)	18	–	–	2,087	0.38
4. Profit (loss) on investing activities		**(4,994)**	**(0.91)**		–
5. Changes in provisions	18	**504,506**	**92.24**	(252,478)	(45.50)
6. Changes in inventory	18	**(3,306,481)**	**(604.52)**	(874,429)	(157.59)
7. Changes in receivables	18	**(100,644)**	**(18.40)**	(1,008,600)	(181.77)
8. Changes in short-term liabilities, excluding credits and loans	18	**4,978,571**	**910.22**	153,888	27.73
9. Changes in prepayments and accruals	18	**(346,390)**	**(63.33)**	(1,157,606)	(208.63)
10. Other adjustments	18	**(272,515)**	**(49.82)**	(172,568)	(31.10)
III. Net cash flows from operating activities (I+II)		**(2,866,181)**	**(524.02)**	(4,957,007)	(908.85)
B. Cash flows from investment activities					
I. Income		–	–	–	–
1. Sale of intangible and tangible fixed assets		–	–	–	–
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		**281,410**	**51.45**	147,745	26.63
1. Acquisition of intangible and tangible fixed assets		**281,410**	**51.45**	147,745	26.63
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)		**(281,410)**	**(51)**	(147,745)	(27)
C. Cash flows from financing activities			–	–	–
I. Income		**4,302,367**	**787**	4,970,943	896
1. Net income from the issue of shares and other capital instruments as well as contributions to capital		–	–	–	–
2. Credits and loans		**4,302,367**	**786.59**	4,970,943	895.88
3. Debt securities		–	–	–	–
4. Other financial income		–	–	–	–
II. Expenses		–	–	92,389	17
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
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)		**4,302,367**	**787**	4,878,554	879
D. Total net cash flows (A.III.+B.III+C.III)		**1,154,776**	**211**	(226,198)	(57)
E. Net change in cash balances, of which:		**1,154,776**	**211.13**	(226,198)	(57)
– change in cash balances relating to foreign exchange differences		–	–	–	–
F. Cash at beginning of period		**233,900**	**42.76**	460,098	82.92
G. Cash at end of period (F+D), of which:		**1,388,676**	**253.89**	233,900	42.88
– restricted cash					

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Statement of changes in shareholders equity

	Note No	01.04.2019-31.03.2020		01.01.2018-31.03.2019	
		PLN	Rs Lacs	PLN	Rs Lacs
I. Equity at beginning of period (Opening Balance)		**(4,907,887)**	**(897.30)**	(1,140,178)	(205.49)
– changes in accounting policies		–	–	–	–
– adjustment of errors		–	–	–	–
I.a. Adjusted equity at beginning of period (OB)		**(4,907,887)**	**(897.30)**	(1,140,178)	(205.49)
1. Share capital at beginning of period		**5,000**	**0.91**	5,000	0.90
1.1. Changes in share capital		**445,000**	**81.36**	–	–
a) increases relating to		**445,000**	**81.36**	–	–
– issue of shares		**445,000**	**81.36**	–	–
– raising nominal value of shares		–	–	–	–
– wniesienie kapitału zakładowego		–	–	–	–
b) decreases relating to		–	–	–	–
– redemption of shares		–	–	–	–
– decreasing nominal value of shares		–	–	–	–
– ……..		–	–	–	–
1.2. Share capital at end of period		**450,000**	**82.27**	5,000	0.90
2. Reserve capital at beginning of period		–	–	–	–
2.1. Changes in reserve capital		**17,055,000**	**3,118.13**	–	–
a) increases relating to		**17,055,000**	**3,118.13**	–	–
– share premium		**17,055,000**	**3,118.13**	–	–
– 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		**17,055,000**	**3,118.13**	–	–
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		–	–	–	–
– …		–	–	–	–

	Note No	01.04.2019-31.03.2020		01.01.2018-31.03.2019	
		PLN	Rs Lacs	PLN	Rs Lacs
b) decreases relating to		–	–	–	–
– coverage of accounting loss		–	–	–	–
– redemption of own shares		–	–	–	–
– increase in share capital or reserve capital		–	–	–	–
– 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		**(4,912,887)**	**(898.21)**	–	–
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		**4,912,887**	**898.21**	–	–
– changes in accounting policies		–	–	–	–
– adjustment of errors		**277,442**	**50.72**	–	–
5.5. Adjusted accumulated loss from previous years		**5,190,329**	**948.94**	–	–
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		**5,190,329**	**948.94**	1,145,178	206.39
5.7. Accumulated profit (loss) from previous years at end of period		**(5,190,329)**	**(948.94)**	(1,145,178)	(206.39)
6. Net profit/loss		**(6,008,573)**	**(1,098.54)**	(3,767,709)	(679.03)
a) net profit		–	–	–	–
b) net loss		**6,008,573**	**1,098.54**	3,767,709	679.03
c) advanced distributions of profit		–	–	–	–
II. Equity at end of period (Closing Balance)		**6,306,097**	**1,152.93**	(4,907,887)	(884.52)
III. Equity after proposed distribution of profit (coverage of loss)		**6,306,097**	**1,152.93**	(4,907,887)	(884.52)

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Note 1

Cash and other cash assets

	31.03.2020	**31.03.2019**
1. Cash in hand	419,76	515,79
2. Cash at VAT bank account (split payment)	1 305 977,10	172 966,44
3. Cash at bank	82 279,28	60 417,55
4. Other cash	0,00	0,00
5. Other cash assets	0,00	0,00
Total	**1 388 676,14**	**233 899,78**

Note 2

Cash and other cash assets (currency structure)

Investment type	**Value in PLN**	**Value in DKK**	**EUR Translated into PLN**	**Value in DKK**	**DKK Translated into PLN**	**Cash and other cash assets in PLN**
Cash in hand and at bank	1 102 608,07	62 248,69	286 061,98	10,00	6,09	1 388 676,14
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	**1 102 608,07**	**62 248,69**	**286 061,98**	**10,00**	**6,09**	**1 388 676,14**

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***
Share capital - shareholder Danstoker A/S		28.03.2017	paid in cash equivalent		100,00	100,00	50,00	5 000,00	100,00
- including preferred shares					0,00				0,00
Share capital - shareholder Danstoker A/S		06.03.2020	paid in cash equivalent		8 900,00		50,00	445 000,00	0,00
- including preferred shares					0,00	0,00	0,00	0,00	0,00
Total:					**9 000,00**	**100,00**	**50,00**	**450 000,00**	**100,00**

Note 4

Proposed distribution of profit or coverage of loss for the year

	31.03.2020	31.03.2019
NET PROFIT/LOSS	**-6 008 573,37**	**-3 767 709,33**
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	**-6 008 573,37**	-3 767 709,33

* Actual distribution of profit (coverage of loss) for the previous year

Note 5
Long-term liabilities aging

	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	19 702 620,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19 702 620,00
end of period	6 848 293,89	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6 848 293,89
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	19 702 620,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19 702 620,00
end of period	6 848 293,89	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6 848 293,89

Note 6
Breakdown of balance sheet assets

Breakdown	Gross amount in the financial year	Revaluation write downs	Gross amount in the previous year	Revaluation write downs
1. Receivables from related parties	**650 035,95**	**0,00**	**1 203 339,39**	**0,00**
a) long-term	0,00	0,00	0,00	0,00
– loans and credits	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	650 035,95	0,00	1 203 339,39	0,00
– loans and credits	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:	650 035,95	0,00	1 203 339,39	0,00
– within 12 months	650 035,95	0,00	1 203 339,39	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 capital	**0,00**	**0,00**	**0,00**	**0,00**
a) long-term	0,00	0,00	0,00	0,00
– loans and credits	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	0,00	0,00	0,00	0,00
– loans and credits	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:	0,00	0,00	0,00	0,00
– within 12 months	0,00	0,00	0,00	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
3. Receivables from other parties	**1 353 790,29**	**0,00**	**888 108,17**	**188 265,65**
a) long-term	0,00	0,00	0,00	0,00
– loans and credits	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	1 353 790,29	0,00	888 108,17	188 265,65
– loans and credits	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:	837 250,76	0,00	722 719,62	188 265,65
– within 12 months	837 250,76	0,00	722 719,62	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	458 377,53	0,00	107 226,55	0,00
– other receivables	352,00	0,00	352,00	0,00
– receivables in court	57 810,00	0,00	57 810,00	0,00

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Note7

Breakdown of balance sheet liabilities

Breakdown	**Current year**	**Previous year**
1. Liabilities to related parties	**9 543 525,59**	**20 289 703,40**
a) long-term	6 848 293,89	19 702 620,00
– loans and credits	6 848 293,89	19 702 620,00
– debt securities	0,00	0,00
– other financial liabilities	0,00	0,00
– promissory notes	0,00	0,00
– other	0,00	0,00
b) short-term	2 695 231,70	587 083,40
– loans and credits	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	2 695 231,70	587 083,40
– within 12 months	2 695 231,70	587 083,40
– 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**
a) long-term	0,00	0,00
– loans and credits	0,00	0,00
– debt securities	0,00	0,00
– other financial liabilities	0,00	0,00
– promissory notes	0,00	0,00
– other	0,00	0,00
b) short-term	0,00	0,00
– loans and credits	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	0,00	0,00
– within 12 months	0,00	0,00
– in more than 12 months	0,00	0,00
– other	0,00	0,00
3. Liabilities to other parties	**4 816 182,77**	**1 943 972,71**
a) long-term	0,00	0,00
– loans and credits	0,00	0,00
– debt securities	0,00	0,00
– other financial liabilities	0,00	0,00
– promissory notes	0,00	0,00
– other	0,00	0,00
b) short-term	4 816 182,77	1 943 972,71
– loans and credits	0,00	67,30
– debt securities	0,00	0,00
– other financial liabilities	0,00	0,00
– trade payables with due dates	2 429 953,98	832 811,20
– within 12 months	2 429 953,98	832 811,20
– in more than 12 months	0,00	0,00
– advances received for deliveries	1 250 439,82	0,00
– promissory notes	0,00	0,00
– tax, subsidy, customs, social and health insurance and other public payables	622 242,58	527 626,46
– payroll	512 720,67	413 535,17
– other	825,72	169 932,58

Note 8

Contingent liabilities to other parties (by title)

	Nature and form of collateral for individual contingent liabilities	Indications of uncertainty as to the amount of payment date and as to the ability to obtain refunds	Liability in the financial year	Liability in the previous year	Information reflecting the link between a provision and a contingent liability, if such link exists.
contract leasing 68513 Prime Car Management S.A. (car)	weksel in blanco		22 779,92	56 949,80	
contract leasing 68965 Prime Car Management S.A. (car)	weksel in blanco		0,00	15 502,05	
contract leasing debt acquisition on 60884 Prime Car Management S.A. (car)	weksel in blanco		13 349,90	29 369,78	
contract leasing 71139 Prime Car Management S.A. (car)	weksel in blanco		0,00	24 403,94	
contract leasing 71040 Prime Car Management S.A. (car)	weksel in blanco		0,00	23 897,06	
contract leasing 70180 Prime Car Management S.A. (car)	weksel in blanco		0,00	18 145,50	
contract leasing 89805 Prime Car Management S.A. (car)	weksel in blanco		55 969,65	0,00	
contract leasing 91154 Prime Car Management S.A. (car)	weksel in blanco		71 789,20	0,00	
contract leasing 91155 Prime Car Management S.A. (car)	weksel in blanco		71 789,20	0,00	
contract leasing 91156 Prime Car Management S.A. (car)	weksel in blanco		71 789,20	0,00	
Total			**307 467,07**	**168 268,13**	

Note 9

Provisions for doubtful debts

Type of receivable	Changes in provisions during the financial year				
	Opening balance	Increases	Use	Releases	Closing balance
Allowance for credit losses on WEISS A/S receivables	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

Note 10

Settlement of main items differentiating income tax base from gross financial result (profit, loss)

	01.04.2019-31.03.2020	01.01.2018 - 31.03.2019
Gross PROFIT/LOSS	**-5 879 262,30**	**-4 656 404,63**
Non-tax deductible costs	2 000 030,04	2 530 033,34
– provision for doubtful debts	0,00	0,00
– revaluation of inventory	0,00	0,00
– unpaid wages and salaries	2 103,70	24 866,60
– unpaid ZUS premiums	267 514,55	216 534,50
– foreign exchange difference	290 194,32	280 855,19
– penalty interest to state budget	837,60	5 860,01
– vehicle usage costs	90,58	2 929,87
– interest payable	0,00	0,00
– PFRON premiums	0,00	4 171,00
-paid time-off provisions	-20 378,27	83 550,15
– contractual penalties and damage compensation	0,00	0,00
– donations	0,00	0,00
– write-off exchange gains from balance shet valuation	20 114,67	222 656,75
– membership fees	0,00	1 171,98
– representation cost	9 097,78	12 838,29
– other non-tax deductible costs	83 422,60	16 621,59
- foreign exchange differences related to VAT	0,00	1 367,45
- balance sheet depreciation	1 347 032,51	1 649 800,96
- court fee	0,00	0,00
- withholding tax	0,00	6 809,00
Non-accounting taxable costs	957 554,78	1 192 715,49
– interest paid	0,00	0,00
– reversal of tax correction (30 days)	0,00	0,00
– tax depreciation	705 020,28	841 730,86

	01.04.2019-31.03.2020	01.01.2018 - 31.03.2019
– leasing fees	0,00	160 080,58
– paid 2018 Social Insurance Office	216 534,50	153 904,05
– audit cost	36 000,00	37 000,00
Non-taxable accounting revenue	620 906,72	533 232,14
– foreign exchange losses from balance sheet valuation	64 965,91	0,00
– excess of revenue accrued over revenue invoiced	0,00	0,00
– release of provision for doubtful debts	0,00	0,00
– unrealized foreign exchange differences	0,00	755,28
– decomitted loan write-off	2 356,56	4 516,74
– write-off exchange losses from balance shet valuation	135 561,25	5 289,07
– accrued interest	0,00	0,00
– badwill write-off	418 023,00	522 528,75
– foreign exchange differences related to VAT	0,00	142,30
Non-accounting taxable revenue	470 205,88	23 565,22
– loan intrest for 2018 and 2019	277 441,60	0,00
– loan intrest for current year	192 764,28	
– value of decomitted loan	0,00	23 565,22
Income deductions	0,00	0,00
Tax base	**-4 987 488,00**	**-3 828 754,00**
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	-75 689,37	733 006,57
Change in provisions for deferred income tax	331 063,70	-155 688,73
Tax liability listed in the profit and loss account	**0,00**	**0,00**

Note 11

Change in deferred income tax assets

	31.03.2020	31.03.2019
1. Deferred income tax assets at beginning of period, of which:	**872 241,26**	**139 234,69**
a) charged to financial result at net amount	872 241,26	139 234,69
– gross amount	872 241,26	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	0,00
– gross amount	0,00	0,00
– revaluation	0,00	0,00
2. Increases	**796 551,89**	**872 241,26**
a) charged to financial result for the period in connection with negative temporary differences	83 410,27	85 717,95
– inventory write down	0,00	0,00
– provision for unused annual leave	12 002,66	15 874,53
– unrealized foreign exchange differences	44 697,25	53 218,98
– unpaid wages and salaries	5 124,36	4 724,65
– provision for jubilee bonuses	0,00	0,00
– revaluation of finished products	0,00	0,00
– provision for costs of third party services	0,00	0,00
– surplus of estimated costs from unfinished construction contracts over costs incurred	0,00	0,00
– revaluation of deferred income tax assets	0,00	0,00
– unpaid social contribution	21 586,00	11 899,79
b) charged to financial result for the period in connection with tax loss (relating to)	713 141,62	786 523,31
– 2017 loss	0,00	59 060,11
– 2018/19 loss	0,00	727 463,20
– prior years tax losses	713 141,62	0,00
– revaluation of deferred income tax assets	0,00	0,00
c) charged to equity in connection with negative temporary differences	0,00	0,00
– revaluation of deferred income tax assets	0,00	0,00

			31.03.2020	31.03.2019
	d)	charged to equity in connection with tax loss (relating to)	0,00	0,00
		– revaluation of deferred income tax assets	0,00	0,00
	e)	charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	0,00	0,00
		– revaluation of deferred income tax assets	0,00	0,00
3.	**Decreases**		**872 241,26**	**139 234,69**
	a)	charged to financial result for the period in connection with negative temporary differences (relating to)	85 717,95	80 174,58
		– ZFŚS PROVISION	0,00	-47 492,83
		– unpaid social contribution	11 899,79	29 241,77
		– unpaid business trip	0,00	1 894,12
		– revaluation of deferred income tax assets	0,00	0,00
		– provision for unused annual leave	15 874,53	26 464,94
		– receivables provisions	0,00	35 770,47
		– provision for costs of third party services	0,00	34 264,53
		– unrealized foreign exchange differences	53 218,98	0,00
		– unpaid wages and salaries	4 724,65	0,00
		– other	0,00	31,58
	b)	charged to financial result for the period in connection with tax loss (relating to)	786 523,31	59 060,11
		– 2017 loss	59 060,11	59 060,11
		– 2018/19 loss	727 463,20	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
		– revaluation of deferred income tax assets	0,00	0,00
	d)	charged to equity in connection with tax loss (relating to)	0,00	0,00
		– revaluation of deferred income tax assets	0,00	0,00
	e)	charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	0,00	0,00
		– revaluation of deferred income tax assets	0,00	0,00
4.	**Total deferred income tax assets at end of period, of which:**		**796 551,89**	**872 241,26**
	a)	charged to financial result	796 551,89	872 241,26
		– gross amount	796 551,89	872 241,26
		– 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	0,00
		– gross amount	0,00	0,00
		– revaluation	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 which:**		**0,00**	**0,00**
	– in subordinated entities		0,00	0,00
	– in branches		0,00	0,00
	– in joint ventures		0,00	0,00

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Note 12
Change in provision for deferred income tax

			31.03.2020	31.03.2019
1.	**Provision for deferred income tax at beginning of period, of which:**		**2 429 667,96**	**2 585 356,69**
	a)	charged to financial result	-38 326,43	-38 326,43
	b)	charged to equity	0,00	0,00
	c)	charged to goodwill or negative goodwill	2 467 994,39	2 623 683,12
2.	**Increases**		**453 420,00**	**0,00**
	a)	charged to financial result for the period due to positive temporary differences (relating to)	453 420,00	0,00
		– accrued interest from Group loan in 2020	175 998,00	0,00
		– accrued interest from Group loan for previous years	277 422,00	0,00
		– ...	0,00	0,00
	b)	charged to equity due to positive temporary differences (relating to)	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
	c)	charged to goodwill or negative goodwill due to positive temporary differences (relating to)	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
3.	**Decreases**		**122 356,30**	**155 688,73**
	a)	charged to financial result for the period due to positive temporary differences (relating to)	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
	b)	charged to equity due to positive temporary differences (relating to)	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
		– ...	0,00	0,00
	c)	charged to goodwill or negative goodwill due to positive temporary differences (relating to)	122 356,30	155 688,73
		- variance of fixed assets value (Balance sheet value to tax)	122 356,30	114 388,87
		– write-off exchange variances from balance shet valuation 2018	0,00	41 299,86
		– ...	0,00	0,00
4.	**Total provision for deferred income tax at end of period, of which:**		**2 760 731,66**	**2 429 667,96**
	a)	charged to financial result	415 093,57	-38 326,43
	b)	charged to equity	0,00	0,00
	c)	charged to goodwill or negative goodwill	2 345 638,09	2 467 994,39
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**

Note 13
Provisions

			Opening balance	Increases	Use	Releases	Closing balance
1.	**For deferred income tax**		**2 429 667,96**	**453 420,00**	**0,00**	**122 356,30**	**2 760 731,66**
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
		– ...	0,00	0,00	0,00	0,00	0,00
		– ...	0,00	0,00	0,00	0,00	0,00
	b)	short-term	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
3.	**Other provisions, of which:**		**222 839,30**	**396 281,83**	**0,00**	**222 839,30**	**396 281,83**
	a)	long-term	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
	b)	short-term	222 839,30	396 281,83	0,00	222 839,30	396 281,83
		– annual leave	222 839,30	202 461,03	0,00	222 839,30	202 461,03
		– expenses without invoice, audit	0,00	193 820,80	0,00	0,00	193 820,80
Total			**2 652 507,26**	**849 701,83**	**0,00**	**345 195,60**	**3 157 013,49**

Note 14

Information about transactions with related parties

Transactions:	**Company name**	**01.04.2019 - 31.03.2020**	**01.01.2018 - 31.03.2019**
Products sale	Boilerworks A/S	1 928 167,58	2 533 869,05
Services Sale	Boilerworks A/S	728 026,54	968 543,17
Goods sale	Boilerworks A/S	0,00	178,86
Total:		**2 656 194,12**	**3 502 591,08**
Products sale	Danstoker A/S	6 344 732,87	6 571 902,25
Services Sale	Danstoker A/S	99 305,00	648 658,87
Total:		**6 444 037,87**	**7 220 561,12**
Services Sale	Thermax	0,00	23 277,15
Total:		**0,00**	**23 277,15**
Purchase of materials and fixed assets	Boilerworks A/S	435 856,14	
Services purchase	Boilerworks A/S	151 726,45	225 537,66
Total:		**587 582,59**	**225 537,66**
Purchase of materials	Danstoker A/S	2 529 296,92	1 497 941,60
Services purchase	Danstoker A/S	318 848,71	89 270,09
reinvoicing of transport cost and bank securities	Danstoker A/S	0,00	16 988,48
Granting a Loan	Danstoker A/S	5 685 819,88	4 970 875,34
Total:		**8 533 965,51**	**6 575 075,51**
Acquiring of development of business processes	Thermax	39 812,05	493 576,82
Total:		**39 812,05**	**493 576,82**

Note 15

Information about the entity preparing the consolidated financial statements at the highest level of the group in which the company is a subsidiary

Name and registered office	**Location where the consolidated financial statements may be accessed**
Thermax Ltd., Pune, India	Thermax Limited D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019; www.thermaxglobal.com

Note 16

Information about the entity preparing the consolidated financial statements at the lowest level of the group in which the company is a subsidiary

Name and registered office	**Location where the consolidated financial statements may be accessed**
Thermax Denmark ApS, Herning, Denmark	Danstoker A/S Industrivej Nord 13 7400 Herning DENMARK; www.cvr.dk

Note 17

Exchange rates used to value financial statements items expressed in foreign currencies

Currency	**01.04.2019 - 31.03.2020**	**01.01.2018 - 31.03.2019**
EUR	4,5523	4,3013
USD	4,1466	3,8365
GBP	5,1052	4,9960
DKK	0,6096	0,5761

Note 18

Breakdown of cash for the statement of cash flows

Item A.II.3. Interest and shares in profits (dividends)	**31.03.2020**	**31.03.2019**
Interest on deposits in excess of 3 months	0,00	0,00
Interest on loans	0,00	0,00
Interest on credits	0,00	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	**0,00**	**0,00**

Item A.II.5. Changes in cost provisions	**31.03.2020**	**31.03.2019**
Provision for deferred income tax	2 760 731,66	2 429 667,96
Provision for retirement and similar benefits	0,00	0,00
Other provisions	396 281,83	222 839,30
Total	**3 157 013,49**	**2 652 507,26**
Change in value	**504 506,23**	**-252 478,46**

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Item A.II.6. Changes in inventory	**31.03.2020**	**31.03.2019**
Total inventory	5 025 748,03	1 719 267,27
Purchase costs	0,00	0,00
Revaluation	0,00	0,00
Total	**5 025 748,03**	**1 719 267,27**
Change in value, of which:	**-3 306 480,76**	**-878 429,27**
Change in the value of a non-cash contribution received(-)/made(+) in the form of current assets (inventory)	0,00	0,00

Item A.II.7. Changes in receivables	**31.03.2020**	**31.03.2019**
Long-term receivables	0,00	0,00
Short-term receivables from related parties	650 035,95	1 203 339,39
Short-term receivables from other parties in which the company has invested capital	0,00	0,00
Short-term receivables from other parties	1 353 790,29	699 842,52
Total receivables	**2 003 826,24**	**1 903 181,91**
Change in receivables	**-100 644,33**	**-1 008 599,91**

Item A.II.8. Change in short-term liabilities, excluding credits and loans	**31.03.2020**	**31.03.2019**
Short-term liabilities to related parties	2 695 231,70	587 083,40
Short-term liabilities to other parties in which the company has invested capital	0,00	0,00
Short-term liabilities to other companies	4 816 182,77	1 943 905,41
Special funds	29 864,80	31 719,05
Total liabilities, of which:	**7 541 279,27**	**2 562 707,86**
Liabilities relating to the purchase of tangible and intangible fixed assets	0,00	0,00
Liabilities relating to investments in real estate and intangibles	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) shares	0,00	0,00
Liabilities relating to dividends and other payments to shareholders	0,00	0,00
Liabilities relating to the distribution of profit, other than payments to shareholders	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	0,00	0,00
Total liabilities from financing activities	**0,00**	**0,00**
Liabilities relating to income tax charged directly to equity	**0,00**	**0,00**
Liabilities relating to operating activities	**7 541 279,27**	**2 562 707,86**
Change in liabilities	**4 978 571,41**	**153 887,67**

Item A.II.9. Change in prepayments and accruals	**31.03.2020**	**31.03.2019**
Long-term prepayments	796 551,89	872 241,26
Short-term prepayments	73 617,30	71 917,44
Total	**870 169,19**	**944 158,70**
1. Change in value	**73 989,51**	**0,00**
Negative goodwill	9 928 047,26	10 346 070,26
Long-term accruals	0,00	0,00
Short-term accruals	16 691,92	19 048,48
Total	**9 944 739,18**	**10 365 118,74**
2. Change in value	**-420 379,56**	**0,00**
Total change in prepayments and accruals (1+2)	**-346 390,05**	**-1 157 606,45**

Item A. II. 10. Other adjustments	**31.03.2020**	**31.03.2019**
Non-financial losses caused by accidental events to investment activity items (plus)	0,00	0,00
Net write downs relating to impairment of value, adjusting the value of fixed assets and short-term financial assets (plus or minus)	0,00	0,00
Cancellation of credits and loans taken out (minus)	0,00	0,00
Cancellation of long-term loans (plus)	0,00	0,00
Provision for tax from possible loan interest	-277 353,98	0,00
Other	4 838,89	-172 567,53
Total	**-272 515,09**	**-172 567,53**
Change in value	-272 515,09	-172 567,53

Item E. Net change in cash balances	**31.03.2020**	**31.03.2019**
Cash in hand	419,76	515,79
Cash at bank	1 388 256,38	233 383,99
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	**1 388 676,14**	**233 899,78**
Change in cash and cash equivalents	**1 154 776,36**	**-226 197,91**
Balance sheet valuation of cash	0,00	0,00
Change in cash relating to foreign exchange differences	**0,00**	**0,00**
Limited Cash	**0,00**	**0,00**

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

Does not exist

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:	**105,96**	**95,58**
– white collar (in non-labor positions)	36,00	32,82
– blue collar (in labor positions)	69,96	62,76
– 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

Comments

Not present The Board is not renumerated.

Note 22

Auditor's remuneration, paid-out or due for fiscal year

Breakdown	**Date of agreement relating to the reporting period**	**Duration of agreement relating to the reporting period**	**01.04.2019-31.03.2020**	**01.01.2018-31.03.2019**
Mandatory audit of financial statements			26 000,00	24 000,00
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	60 000,00
Total			**86 000,00**	**84 000,00**

Note 23

Information about significant events that occurred after the balance sheet date and have not been included in the financial statements, and about their effect on the company's financial position and financial result

Significant subsequent events not included in the financial statements after Fy end
Comments Covid pandemia has not affected this year operations. The budżet has been decreased by 5%. The budget did not assume profit decreae as any material price increaes are going to be covered by product price increase. For that reason Pandemia is not going to affect entire year. The contracts are executed without delay. New ordrs however slowed down in Q1. The company did not apply for government assistance as it did not meet criteria. We however can experience Q3 lower than last year. Pandemia has devaluated increased transfer price and internal Cash Flow is being obscured.

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Note 24

Threats to going concern

Items
Confirmation of uncertainty with regard to going concern
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

There is no uncertainty to going concern. The influence of subsequent events is described in note 23.

Note 25

Net revenue from the sale of goods for resale and finished products by type and territory

		01.04.2019 - 31.03.2020		**01.01.2018 - 31.03.2019**	
		from related parties	**from other parties**	**from related parties**	**from other parties**
1.	Sale of services (by type)	728 649,04	836 188,93	1 060 843,76	4 084 809,05
	– sale of services to related parties	728 649,04	0,00	1060843,76	0,00
	– sale of services to other parties	0,00	0,00	0,00	4 084 809,05
	– ...	0,00	836 188,93	0,00	0,00
2.	Sale of raw materials (by type)	200,00	18 520,06	3 078,84	3 204,20
	– sale of raw materials to related parties	200,00	0,00	0,00	3 204,20
	– sale of raw materials to other parties	0,00	18 520,06	3 078,84	0,00
	– ...	0,00	0,00	0,00	0,00
3.	Sale of goods for resale (by type)	765,00	373 395,60	405,98	450 888,00
	– sale of goods for resale to related parties	765,00	0,00	405,98	0,00
	– sale of goods for resale to other parties	0,00	373 395,60	0,00	450 888,00
	– ...	0,00	0,00	0,00	0,00
4.	Sale of finished products or other services (by type)	8 576 601,95	10 097 110,35	9 682 100,76	3 101 014,02
	– sale of finished products or other services to related parties	8 576 601,95	0,00	9 682 100,76	0,00
	– sale of finished products or other services to other parties	0,00	10 097 110,35	0,00	3 101 014,02
	– ...	0,00	0,00	0,00	0,00
5.	Other sales revenue (by type)	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
Total		**9 306 215,99**	**11 325 214,94**	**10 746 429,34**	**7 639 915,27**
of which:					
	Sale to domestic customers	10 863 760,93	0,00	4 285 013,37	0,00
	– finished products/services	10 471 645,37	0,00	3 665 030,81	0,00
	– goods for resale	373 395,50	0,00	450 888,00	0,00
	– raw materials	18 720,06	0,00	169 094,56	0,00
	Export sales	210 400,00	0,00	1 325 384,48	0,00
	– finished products/services	210 400,00	0,00	1 325 384,48	0,00
	– goods for resale	0,00	0,00	0,00	0,00
	EU sales	9 538 269,90	0,00	12 775 946,76	0,00
	– finished products/services (EU sales to related parties)	9 075 850,99	0,00	9 417 560,04	0,00
	– finished products/services (EU sales to other parties)	461 653,91	0,00	3 354 901,90	0,00
	– raw materials (EU sales to related parties)	0,00	0,00	3 078,84	0,00
	– goods for resale (EU sales to related parties)	765,00	0,00	405,98	0,00
	– goods for resale (EU sales to 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

		01.04.2019-31.03.2020	01.01.2018-31.03.2019
A.	**Cost of producing goods for the entity's own needs**	**0,00**	**0,00**
B.	**Costs by nature**	**27 701 331,24**	**22 511 086,70**
	1. Depreciation	1 347 032,51	1 649 800,96
	2. Use of materials and energy	9 764 855,22	6 570 098,67
	3. Third party services	6 834 996,97	3 970 701,91
	4. Taxes and charges, of which:	322 572,58	415 686,76
	– excise tax	0,00	0,00
	5. Wages and salaries	7 424 009,14	7 755 693,70
	6. Social insurance and other employee benefits, of which:	1 732 820,60	1 840 633,03
	– retirement	719 811,22	700 735,15
	7. Other costs by nature (due to)	275 044,22	308 471,67
	– business trips	41 489,69	157 511,32
	– reprezentation	9 735,82	13 547,03
	– advertising	25 801,49	46 275,50
	– other non-tax deductible costs	115 520,98	6 493,57
	– other cost by nature	82 496,24	84 644,25
	C. Value of sold goods for resale and raw materials	287 530,26	354 225,99
Total		**27 952 861,50**	**22 900 856,86**

Note 27

Other operating revenue

		31.03.2020	31.03.2019
I.	Released provisions (relating to)	418 023,00	522 528,75
	– badwill provision	418 023,00	522 528,75
II.	Other, of which:	861 582,10	320 959,93
	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) inventory excess of material	804 944,30	257 409,51
	6) revenues fron non-financial sale of fixed assets		81,30
	7) returned, cancelled loans	0,00	0,00
	8) cancelled WFOS loan	2 356,56	4 516,74
	9) PFRON financing	53 743,18	52 654,17
	9) remaining revenue	538,06	6 298,21
TOTAL other operating revenue		**1 279 605,10**	**843 488,68**

Note 28

Other operating costs

		31.03.2020	31.03.2019
I.	**Provisions (relating to)**	**0,00**	**0,00**
II.	**Other, of which:**	**1 052 551,83**	**302 592,97**
	1) provision for doubtful debts	0,00	0,00
	Reason formed:		
	2) revaluation of intangibles included in investments	0,00	0,00
	Reason formed:		
	3) revaluation of real estate included in investments	0,00	0,00
	Reason formed:		
	4) refunded costs of disputes	0,00	0,00
	Reason formed:		
	5) cost of disputes	0,00	2 890,50
	6) faultless loss in assets	1 039 575,32	251 887,38
	7) not returned, cancelled tax overpayment	0,00	0,00
	8) disposal costs of non-financial fixed assets	4 994,21	0,00
	9) expired finance leasing	7 806,28	12 623,10
	10) other operating costs	176,02	35 191,99
TOTAL other operating costs		**1 052 551,83**	**302 592,97**

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Note 29

Selected financial revenue

		31.03.2020	31.03.2019
I.	**Total financial revenue from dividends and shares in profits**	**0,00**	**0,00**
	a) from related parties, of which:	0,00	0,00
	– from subsidiaries	0,00	0,00
	– from co-subsidiaries	0,00	0,00
	– from associates	0,00	0,00
	– from a significant investor	0,00	0,00
	– from a co-subsidiary's shareholder	0,00	0,00
	– from the holding company	0,00	0,00
	-- from other related parties	0,00	0,00
	b) from other parties	0,00	0,00
II.	**Total financial revenue from interest**	**14,92**	**26,98**
	1) on loans	0,00	0,00
	a) from related parties, of which:	0,00	0,00
	– from subsidiaries	0,00	0,00
	– from co-subsidiaries	0,00	0,00
	– from associates	0,00	0,00
	– from a significant investor	0,00	0,00
	– from a co-subsidiary's shareholder	0,00	0,00
	– from the holding company	0,00	0,00
	-- from other related parties	0,00	0,00
	b) from other parties	0,00	0,00
	2) other interest	14,92	26,98
	a) from related parties, of which:	0,00	0,00
	– from subsidiaries	0,00	0,00
	– from co-subsidiaries	0,00	0,00
	– from associates	0,00	0,00
	– from a significant investor	0,00	0,00
	– from a co-subsidiary's shareholder	0,00	0,00
	– from the holding company	0,00	0,00
	-- from other related parties	0,00	0,00
	b) from other parties	0,00	0,00
III.	**Total other financial revenue**	**66 508,97**	**0,00**
	1) foreign exchange gains	66 508,97	0,00
	– realized	46 394,30	0,00
	– unrealized	20 114,67	0,00
	2) released provisions (relating to)	0,00	0,00
	3) other, of which:	0,00	0,00
	– revenue from the disposal of financial assets	0,00	0,00
		0,00	0,00
		0,00	0,00
		0,00	0,00

Note 30

Selected financial costs

		31.03.2020	31.03.2019
I.	**Total financial interest costs**	**2 214,64**	**10 513,15**
	1) on credits and loans	45,32	2 457,94
	a) to related parties, of which:	0,00	0,00
	– to subsidiaries	0,00	0,00
	– to co-subsidiaries	0,00	0,00
	– to associates	0,00	0,00
	– to significant investor	0,00	0,00
	– to co-subsidiary's shareholder	0,00	0,00
	– to the holding company	0,00	0,00
	-- from other related parties	0,00	0,00
	b) to other parties	45,32	2 457,94

	31.03.2020	31.03.2019
2) other interest	2 169,32	8 055,21
a) to related parties, of which:	0,00	0,00
– to subsidiaries	0,00	0,00
– to co-subsidiaries	0,00	0,00
– to associates	0,00	0,00
– to significant investor	0,00	0,00
– to co-subsidiary's shareholder	0,00	0,00
– to the holding company	0,00	0,00
-- from other related parties	0,00	0,00
b) to other parties	0,00	0,00
II Total other financial costs	429 874,10	528 965,37
1) foreign exchange losses	429 874,10	528 965,37
– realized	290 194,32	31 497,78
– unrealized	139 679,78	497 467,59
2) provisions (relating to)	0,00	0,00
– ...	0,00	0,00
– ...	0,00	0,00
– ...	0,00	0,00
3) other, of which:	0,00	0,00
– disposal costs of financial fixed assets	0,00	0,00

Note 31
Prepayments and accruals

	31.03.2020	31.03.2019
Long-term prepaid expenses, of which:	**796 551,89**	**872 241,26**
1. Deferred income tax assets, of which:	796 551,89	872 241,26
– from tax losses, by date on which the right to deduct loss expires	713 141,62	786 523,31
– in the year 2023	251 026,35	59 060,11
– in the year 2024	462 115,27	727 463,20
– 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):	83 410,27	85 717,95
– unpaid social contribution	21 586,00	0,00
– receivables provisions	0,00	0,00
– other	0,00	0,00
– unrealized foreign exchange differences frombalance sheet valuation	44 697,25	0,00
– other (unpaid wages, annual leave provision)	17 127,02	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
– credits	0,00	0,00
– bonds	0,00	0,00
– other	0,00	0,00
Short-term prepayments, of which:	**73 617,30**	**71 917,44**
1. Personal and property insurance	13 903,11	19 870,97
2. Rental fees paid in advance	59 048,47	48 312,41
3. Energy costs paid in advance	665,72	2 950,00
4. Magazine subscriptions	0,00	784,06
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
– credits	0,00	0,00
– bonds	0,00	0,00
– other	0,00	0,00
8. Excess of costs incurred over costs estimated from unfinished construction contracts	0,00	0,00
9. Excess of revenue estimated over receivables invoiced for construction contracts	0,00	0,00
Accruals, of which:	**9 944 739,18**	**10 365 118,74**
1. Negative goodwill	9 928 047,26	10 346 070,26
Opening balance	10 346 070,26	10 868 599,01
a) increases, of which:	0,00	0,00
– ...	0,00	0,00
– ...	0,00	0,00

	31.03.2020	31.03.2019
b) decreases, of which:	418 023,00	522 528,75
– …	418 023,00	522 528,75
– ...	0,00	0,00
2. Other accruals, of which:	16 691,92	19 048,48
a) long-term, of which:	0,00	0,00
– ...	0,00	0,00
– ...	0,00	0,00
b) short-term, of which:	16 691,92	19 048,48
– Excess of costs estimated over costs incurred for unfinished construction contracts	0,00	0,00
– ...	0,00	0,00
– cancellation of WFOŚ	16 691,92	19 048,48
– ...	0,00	0,00
3. Deferred income, of which:	0,00	0,00
a) long-term, of which:	0,00	0,00
b) short-term, of which:	0,00	0,00
– Excess of receivables invoiced over revenue estimated from construction contracts	0,00	0,00
– revenue estimated and not invoiced	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**	**4 811 667,10**	**328 300,00**	**320 548,37**	**27 887 961,21**
Increases, of which:	0,00	0,00	0,00	413 591,41	0,00	41 300,00	454 891,41
– acquisition	0,00	0,00	0,00	413 591,41	0,00	41 300,00	454 891,41
– 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	3 300,00	2 000,00	7 500,00	12 800,00
– liquidation	0,00	0,00	0,00	3 300,00	2 000,00	7 500,00	12 800,00
– 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	0,00	0,00	0,00	0,00
Gross closing balance	**1 568 581,55**	**0,00**	**20 858 864,19**	**5 221 958,51**	**326 300,00**	**354 348,37**	**28 330 052,62**
Accumulated amortization at beginning of period	**0,00**	**0,00**	**1 147 068,91**	**1 125 493,36**	**92 118,76**	**119 914,91**	**2 484 595,94**
Current amortization – increases	0,00	0,00	598 470,64	638 900,74	46 895,37	53 211,80	1 337 478,55
Decreases	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
Total accumulated amortization at end of period	**0,00**	**0,00**	**1 745 539,55**	**1 764 394,10**	**139 014,13**	**173 126,71**	**3 822 074,49**
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**	**19 711 795,28**	**3 686 173,74**	**236 181,24**	**200 633,46**	**25 403 365,27**
Net book value at end of period	**1 568 581,55**	**0,00**	**19 113 324,64**	**3 457 564,41**	**187 285,87**	**181 221,66**	**24 507 978,13**
Percent used up from opening value (%)	0,00	0,00	8,37	33,79	42,60	48,86	13,49

Note 33

Expenses for non-financial fixed assets incurred in the financial year and planned for the coming year, including expenses for environment protection

List by planned contractual repayment period	**31.03.2020**	**31.03.2019**
Costs incurred in period,of which:	454 891,41	315 519,42
Acquisition of intangible fixed assets	0,00	4 923,00
Acquisition of fixed assets, of which:	454 891,41	142 822,42
– for environmental protection	0,00	0,00
Fixed assets under construction, of which:	0,00	167 774,00
– 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	0,00
Acquisition of intangible fixed assets	0,00	0,00
Acquisition of fixed assets, of which:	0,00	0,00
– 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

	31.03.2020	**31.03.2019**
Raw materials	2 930 031,28	1 282 263,06
Semi-finished products and work in progress	1 420 444,66	333 976,63
Finished products	544 513,89	14 302,07
Goods for resale	0,00	0,00
Advances for deliveries	130 758,20	88 725,51
Total	**5 025 748,03**	**1 719 267,27**

Note 35

Finance leases at the lessee

Does not exist

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	19 113 324,64	3 457 564,41	187 285,87	181 221,66	24 507 978,13
Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease agreements, of which:	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**	**19 113 324,64**	**3 457 564,41**	**187 285,87**	**181 221,66**	**24 507 978,13**

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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	**650 035,95**	**0,00**	**0,00**	**650 035,95**
a) trade receivables due within 12 months	**650 035,95**	**0,00**	**0,00**	**650 035,95**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	650 035,95	0,00	0,00	650 035,95
– current	650 035,95	0,00	0,00	650 035,95
– 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
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	**1 353 790,29**	**0,00**	**0,00**	**1 353 790,29**
a) trade receivables due within 12 months	**837 250,76**	**0,00**	**0,00**	**837 250,76**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	837 250,76	0,00	0,00	837 250,76
– current	837 250,76	0,00	0,00	837 250,76
– 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
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	**458 377,53**	**0,00**	**0,00**	**458 377,53**
Opening balance	0,00	0,00	0,00	0,00
Closing balance, of which:	458 377,53	0,00	0,00	458 377,53
– current	458 377,53	0,00	0,00	458 377,53
– 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:	**650 035,95**	**0,00**	**650 035,95**
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	650 035,95	0,00	650 035,95
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	**650 035,95**	**0,00**	**650 035,95**

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Note 39

Short-term receivables (currency structure)

	in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in …	Translated into PLN	Total short-term receivables in PLN
1. From related parties, of which from:	650 035,95	0,00	0,00	0,00	0,00	0,00	0,00	650 035,95
subsidiaries relating to:	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
co-subsidiaries relating to:	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
associates relating to:	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
significant investor relating to:	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
co-subsidiary's shareholder relating to:	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
holding company relating to:	650 035,95	0,00	0,00	0,00	0,00	0,00	0,00	650 035,95
sale of products and services	650 035,95	0,00	0,00	0,00	0,00	0,00	0,00	650 035,95
…	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. From other parties relating to:	523 792,49	68 857,12	313 458,27	0,00	0,00	0,00	0,00	837 250,76
sale of products and services	523 792,49	68 857,12	313 458,27	0,00	0,00	0,00	0,00	837 250,76
	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Note 40

Long-term liabilities to the holding company – ageing

	Liabilities relating to credits and loans	Securities	Other financial liabilities	Finance leases	Other	Total
from 1 to 3 years						
beginning of period	19 702 620,00	0,00	0,00	0,00	0,00	19 702 620,00
end of period	6 848 293,89	0,00	0,00	0,00	0,00	6 848 293,89
from 3 to 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
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	19 702 620,00	0,00	0,00	0,00	0,00	19 702 620,00
end of period	6 848 293,89	0,00	0,00	0,00	0,00	6 848 293,89

Note 41

Long-term liabilities (currency structure)

		in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in DKK	Translated into PLN	Total long-term liabilities in PLN
1.	**From related parties, of which from:**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**11 234 077,90**	**6 848 293,89**	**6 848 293,89**
	subsidiaries relating to:	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	deliveries and services	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
	co-subsidiaries relating to:	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
	associates relating to:	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
	significant investor relating to:	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
	co-subsidiary's shareholder relating to:	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
	holding company relating to:	0,00	0,00	0,00	0,00	0,00	11 234 077,90	6 848 293,89	6 848 293,89
	loan	0,00	0,00	0,00	0,00	0,00	11 234 077,90	6 848 293,89	6 848 293,89
	…	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2.	**To other parties relating to:**	**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 42

Short-term liabilities to holding company

		31.03.2020	31.03.2019
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**
	– ...	0,00	0,00
	– ...	0,00	0,00
3.	**Trade payables, with due dates:**	**2 695 231,70**	**587 083,40**
	– within 12 months	2 695 231,70	587 083,40
	– 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		**2 695 231,70**	**587 083,40**

Note 43

Short-term liabilities to other companies

		31.03.2020	31.03.2019
1.	**Credits and loans, of which:**	**0,00**	**67,30**
	– with a long-term repayment period	0,00	67,30
	– debt securities	0,00	0,00
	– dividends	0,00	0,00
2.	**Other financial liabilities, of which:**	**0,00**	**0,00**
	– ...	0,00	0,00
	– ...	0,00	0,00
3.	**Trade payables, with due dates:**	**2 429 953,98**	**832 811,20**
	– within 12 months	2 429 953,98	832 811,20
	– in more than 12 months	0,00	0,00
4.	**Advances received on deliveries**	**622 242,58**	**527 626,46**
5.	**Promissory notes**	**0,00**	**0,00**
6.	**Salary and wages liabilities**	**512 720,67**	**413 535,17**
7.	**Other**	**825,72**	**169 932,58**
8.	**Advances on deliveries**	**1 250 439,82**	
Total		**4 816 182,77**	**1 943 972,71**

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Note 44
Short-term liabilities (currency structure)

		in PLN	in Euro	Translated into PLN	in GBP	Translated into PLN	in DKK	Translated into PLN	Total short-term liabilities in PLN
1.	**From related parties, of which from:**	**1 802 003,80**	**183 896,69**	**837 152,90**	**12 937,50**	**53 646,63**	**3 983,00**	**2 428,37**	**2 695 231,70**
	subsidiaries relating to:	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
	co-subsidiaries relating to:	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
	associates relating to:	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
	significant investor relating to:	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
	co-subsidiary's shareholder relating to:	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
	holding company relating to:	1 802 003,80	183 896,69	837 152,90	12 937,50	53 646,63	3 983,00	2 428,37	2 695 231,70
	…	1 802 003,80	183 896,69	837 152,90	12 937,50	53 646,63	3 983,00	2 428,37	2 695 231,70
	…	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2.	**From other parties relating to:**	**2 333 889,66**	**21 102,37**	**96 064,32**	**0,00**	**0,00**	**0,00**	**0,00**	**2 429 953,98**
	…	2 333 889,66	21 102,37	96 064,32	0,00	0,00	0,00	0,00	2 429 953,98
		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Note 45
Short-term liabilities relating to credits and loans
Did not take place

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, trademarks, utility models and designs	Computer software	Other, including know-how	Total
Gross opening balance	0,00	0,00	0,00	0,00	4 923,00	0,00	4 923,00
Increases, of which:	0,00	0,00	0,00	0,00	0,00	0,00	0,00
– acquisition	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
Decreases	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
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	1 435,91	0,00	1 435,91
Current amortization – increases	0,00	0,00	0,00	0,00	2 461,50	0,00	2 461,50
Accumulated amortization – decreases	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
Total accumulated amortization at end of period	**0,00**	**0,00**	**0,00**	**0,00**	**3 897,41**	**0,00**	**3 897,41**

	Costs of completed research and development	Goodwill	Copy rights, neighboring rights, licenses and permits	Rights to inventions, patents, trademarks, utility models and designs	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
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	0,00	0,00	0,00	0,00	3 487,09	0,00	3 487,09
Net book value at end of period	0,00	0,00	0,00	0,00	1 025,59	0,00	1 025,59
Percent used up from opening value (%)	0,00	0,00	0,00	0,00	79,17	0,00	79,17

Note 47

Cost of fixed assets under construction, including interest and foreign exchange differences that increase the cost of fixed assets under construction

	31.03.2020	31.03.2019
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	167 774,00
Total	**0,00**	**167 774,00**

Note 48

Special funds

	31.03.2020	31.03.2019
Social fund	29 864,80	31 719,05
Company fund for the rehabilitation of the disabled	0,00	0,00
Housing cooperative repair and renovation fund	0,00	0,00
Total	**29 864,80**	**31 719,05**

Note 49

Cost settlement data

		31.03.2020	31.03.2019
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 +/-**	**1 964 958,55**	**348 278,40**
	1. Finished products	544 513,89	14 302,07
	2. Semi-finished products and work in progress	1 420 444,66	333 976,33
	3. Accrued costs	0,00	0,00
III.	**Cost of goods sold**	**26 048 651,39**	**22 725 511,59**
	– cost of finished products sold	16 607 749,26	11 517 076,62
	– cost of producing goods for the entity's own needs	0,00	35 544,17
	– sales costs	2 342 021,44	2 500 878,27
	– general administrative costs	7 098 880,69	8 672 012,53
IV.	**Cost of goods for resale and raw materials sold**	**287 530,26**	**354 225,99**

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Note 50

Accumulated profit (loss) from previous years

	31.03.2020	31.03.2019
Accumulated profit (loss) from previous years at beginning of period	**-4 912 887,14**	**-1 145 177,81**
Accumulated profit from previous years at beginning of period	**0,00**	**0,00**
– changes in accounting methods (policies)	0,00	0,00
– adjustments of errors	0,00	0,00
Adjusted accumulated profit from previous years at beginning of period	**0,00**	**0,00**
a) increases (relating to)	0,00	0,00
– distribution of accumulated profit from previous years	0,00	0,00
– ...	0,00	0,00
b) decreases (relating to)	0,00	0,00
– payment of dividends	0,00	0,00
– increasing share or reserve capital or other reserves	0,00	0,00
– coverage of loss from previous years	0,00	0,00
– redemption of shares	0,00	0,00
– ...	0,00	0,00
Accumulated profit from previous years at end of period	**0,00**	**0,00**
Accumulated loss from previous years at beginning of period	**4 912 887,14**	**1 145 177,81**
– changes in accounting methods (policies)	0,00	0,00
– adjustments of errors - provision of tax effect on potential interest n group loan	277 442,00	0,00
Adjusted accumulated loss from previous years at beginning of period	**5 190 329,14**	**1 145 177,81**
a) increases (relating to)	0,00	3 767 709,33
– transfer of loss from previous years to be covered	0,00	0,00
– loss on sale or redemption by way of reducing share capital of treasury (own) shares not covered with reserve capital	0,00	0,00
– ...	0,00	0,00
b) decreases (relating to)	0,00	0,00
– coverage of loss from previous years from profit	0,00	0,00
– coverage of loss from previous years from reserve capital or other reserves	0,00	0,00
– coverage of loss from previous years from a reduction in share capital	0,00	0,00
– coverage of loss from previous years from shareholder contributions	0,00	0,00
– ...	0,00	0,00
Accumulated loss from previous years at end of period	**5 190 329,14**	**4 912 887,14**
Accumulated profit (loss) from previous years at end of period	**-5 190 329,14**	**-4 912 887,14**

Note 51

Changes in reserve capital

	31.03.2020	31.03.2019
Opening balance	**0,00**	**0,00**
increases (relating to)	**17 055 000,00**	**0,00**
– share premium	17 055 000,00	0,00
– distribution of profit (statutory)	0,00	0,00
– distribution of profit (in excess of statutory minimum)	0,00	0,00
– sale or liquidation of previously revalued fixed assets – difference on revaluation of disposed fixed assets	0,00	0,00
– ...	0,00	0,00
use (relating to)	**0,00**	**0,00**
– coverage of balance sheet loss	0,00	0,00
– redemption of own shares	0,00	0,00
– increase in share capital	0,00	0,00
– ...	0,00	0,00
Closing balance	**17 055 000,00**	**0,00**

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