THERMAX

Thermax Limited

Annual Report of Subsidiary Companies

2020-21

About this Cover

The cover of the Annual Report for FY2021 underpins Thermax's commitment to ESG (Environmental, Social and Governance). The green signifies the company's focus on its sustainable practices and portfolio as it charts out a decarbonisation roadmap – internally as well as for the customers. The other array of colours are representative of Thermax's business segments that imbibe environmental consciousness in its offerings. As the company treads on this development path, it remains steadfast on the Social Compact (SoCo) initiative to ensure safe, equitable and productive work conditions and restore the equity of migrant workers – depicted by the footprint.

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

DOMESTIC

OVERSEAS

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors

Ravinder Advani
Pravin Karve
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

Corporate Office

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

Bankers

HDFC Bank Limited
Union Bank of India
ICICI Bank Limited

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Thirtieth Annual Report of the Company for the year ended March 31, 2021.

Financial Results

(Rs. in lakh)

Particulars	2020-21	2019-20
Total Income	**435.01**	3327.07
Profit before depreciation	**31.67**	743.42
Depreciation	**0.84**	9.51
Profit before tax	**30.83**	733.91
Provision for taxation including deferred tax	**64.52**	99.12
Profit after tax	**-33.69**	634.79

State of Company's affairs

For the year under review, the Company's total income is Rs.435 lakh compared to Rs. 3327.07 lakh in the previous year. The Company's profit before tax is Rs. 30.83 lakh (previous year, Rs. 733.91 lakh) and profit/ (Loss) after tax of Rs. (33.69) lakh (previous year Rs. 634.79 lakh).

The Company has order balance of Rs.747 lakhs as on March 31, 2021 which is lower than the previous order balance of Rs.947 lakhs due to change in business profile as well as lower order transfer from holding and associate companies.

Material changes affecting financial position of the Company

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

Health and Safety

Health and Safety at project sites is of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish world class safety practices at sites. Safety culture is inculcated as part of day operations by site managers. As a result of special focus on health & safety the Company has received appreciation from its client Reliance Industries Limited (RIL).

Dividend

During the year, the Company paid interim dividend of Rs. 44/- (444%) per equity share of face value Rs. 10/- each for distribution of the profits of the Company for the quarter and nine months ended December 31, 2020, which had resulted in a payout of Rs. 20 crore.

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, a wholly owned subsidiary of the Company 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. For the year ended March 31, 2021, TEC FZE has recorded operation revenue of USD 30.12 lakhs with operating profit of USD 13.31 Lakh.

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.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Rajendran Arunachalam (DIN: 08446343), retires by rotation, and being eligible, offers himself for re-appointment as Director.

Board Meetings

The Board met six times on May 27, 2020, June 15, 2020, August 3, 2020, September 29, 2020, October 28, 2020 and January 25, 2021 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.

Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility (CSR) Committee. The CSR Committee comprises of members namely Mr. Rajendran Arunachalam (Chairman), Mr. Pravin Karve and Mr. Ravinder Advani.

The Committee met once during the year on January 25, 2021, where two members were present.

Pursuant to the Companies Amendment Act, 2020 and notification dated January 22, 2021, where the amount spent by a company on CSR did not exceed fifty lakh rupees the requirement for constitution of the CSR Committee should not be applicable. Therefore, Board of Directors at its meeting held on May 3, 2021 decided to dissolve CSR Committee, since the CSR contribution made by the Company for the FY 2020-21 did not exceed Rs. 50 lakh, CSR committee was not required.

As part of its initiatives under CSR, the Company has donated Rs. 17.79 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 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 the Board for its review. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

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 was appointed as the Statutory Auditors of the Company for the period of one years from 29th Annual General Meeting up to the conclusion of upcoming 30th Annual General Meeting of the Company.

The Board of Directors at its meeting held on May 3, 2021 has recommended appointment of B. K. Khare & Co. as the Statutory Auditors of the Company for term of one year from the conclusion of Thirtieth Annual General Meeting until the conclusion of the Thirty First Annual General Meeting 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, May 3, 2021	DIN: 08446343	DIN:06714708

ANNEXURE 1

CSR REPORT FOR THE FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company.

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. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rajendran Arunachalam	Chairman	1	-
2	Ravinder Advani	Committee Member	1	1
3	Pravin Karve	Committee Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company **https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

NA

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1			
2	**NA**		
3			
	TOTAL		

6. Average net profit of the Company as per section 135(5): **Rs. 8.89 Crore**

(a) Two percent of average net profit of the company as per section 135(5): **Rs. 17.79 Lakh**

(b) Surplus arising out of the CSR projects or programmers or activities of the previous financial years: **NA**

(c) Amount required to be set off for the financial year, if any: **NA**

(d) Total CSR obligation for the financial year (7a+7b- 7c). : **17.79 Lakh**

7. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
17.79 Lakh	Nil		Nil		

8. Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/ No).**	**Mode of Implementation – Through Implementing Agency**	
				State	**District**						**Name**	**CSR Registration number**
1												
2	NA											
3												
	TOTAL											

9. Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Covid Relief Expenditure other than factory locations	Covid Relief	No	Maharashtra	Pune	17,79,000/-	No	Thermax Foundation	CSR00009825
	TOTAL					**17,79,000/-**			

a. Amount spent in Administrative Overheads

b. Amount spent on Impact Assessment, if applicable: **NA**

c. Total amount spent for the Financial Year :(8b+8c+8d+8e): **17.79 lakh**

d. Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	17.79 Lakh
(ii)	Total amount spent for the Financial Year	17.79 Lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

10. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the Reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.							
2.				**NA**			
3.							
	TOTAL						

11. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (In Rs.)	Status of the project - Completed /Ongoing.
1.								
2.					**NA**			
3.								

12. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s) - **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset - **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - **NA**

13. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – **NA**

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

Rajendran Arunachalam
Director
DIN: 08446343

Pravin Karve
Director
DIN:06714708

Pune, May 3, 2021

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 financial statements of Thermax Engineering Construction Company Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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 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, 2021, its loss 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 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 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 financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note 31 in the financial statements, which indicates that the management has stopped accepting new orders and evaluating various business opportunities for the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, in view of the alternative plans being evaluated by the management as described in the aforesaid note, the management is of the view that the going concern basis of accounting is appropriate.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 30 of the accompanying standalone 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 and contract balances as at March 31, 2021 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 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 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 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 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 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 going concern matter described in Material Uncertainty Related to Going Concern and Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) The Provisions of section 197 read with schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

   (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 financial statements – Refer Note 24 to the standalone 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 14 to the standalone financial statements. The company did not enter into any derivate contracts during the year; 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 21213935AAAACO5162

Place of Signature: Pune
Date: May 03, 2021

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 physical 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

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

(vi) 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 though there has been a slight delay in a few cases with respect to tax deducted at source. 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.

(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	11.68	FY 2015-16	Deputy Commercial Tax Officer
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	586.96 (Net of Rs. 110.36 paid under protest)	FY 2008-09 to 2016-17	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	5.73	FY 2012 to 2016	Custom, Excise and Service Tax Appellate Tribunal
Maharashtra Value Added Tax Act, 2002	Demand for Value added tax	27.02	FY 2012-13 and FY 2014 -17	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 by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone 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 provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of 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: 21213935AAAACO5162

Place of Signature: Pune
Date: May 03, 2021

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 with reference to standalone financial statements of Thermax Engineering Construction Company Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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: 21213935AAAACO5162

Place of Signature: Pune
Date: May 03, 2021

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
I. Non-current assets			
Property, plant and equipment	3	-	1.20
Investment in subsidiary	11	0.76	-
Financial assets			
Other financial assets	6 (a)	3.44	3.47
Deferred tax assets (net)	7 (b)	-	-
Income-tax assets (net)		316.98	1,550.41
Other non-current assets	8 (a)	783.97	726.89
Total non-current assets		**1,105.15**	**2,281.97**
II. Current assets			
Financial assets			
(a) Trade receivables	4	634.16	1,298.74
(b) Cash and cash equivalents	9 (a)	500.20	1,168.63
(c) Loans	5	2.08	3.57
(d) Other financial assets	6 (b)	152.65	325.94
Other current assets	8 (b)	37.71	154.40
Total current assets		**1,326.80**	**2,951.28**
Total assets		**2,431.95**	**5,233.25**
Equity and liabilities			
I. Equity			
Equity share capital	10A	450.00	450.00
Other equity	10B	1,405.33	3,516.08
Total equity		**1,855.33**	**3,966.08**
II. Current liabilities			
Financial liabilities			
(a) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	12	0.45	23.76
- total outstanding dues of creditors other than micro enterprises	12	227.53	900.18
(b) Other financial liabilities	13	25.48	32.32
Other current liabilities	15	191.94	167.90
Provisions	14	83.60	85.55
Income tax liabilities (net)		47.62	57.46
Total current liabilities		**576.62**	**1,267.17**
Total equity and liabilities		**2,431.95**	**5,233.25**
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	**Pravin Karve** Director DIN: 06714708	**Rajendran Arunachalam** Director DIN: 08446343
Place: Pune Date: May 03, 2021	Place: Pune Date: May 03, 2021	Place: Pune Date: May 03, 2021

Statement of profit and loss for the year ended March 31, 2021

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

Particulars	Note	March 31, 2021	March 31, 2020
Income			
Revenue from operations	16	216.99	3,082.71
Other income	17	218.02	244.36
Total Income		**435.01**	**3,327.07**
Expenses			
Employee benefits expense	18	138.18	202.49
Finance cost	19	-	27.97
Depreciation expense	20	0.84	9.51
Other expenses	21	265.16	2,353.19
Total expenses		**404.18**	**2,593.16**
Profit before tax		**30.83**	**733.91**
Tax expense			
Current tax	7 (a)	-	99.12
Tax for earlier years	7 (a)	64.52	-
Deferred tax	7 (b)	-	-
Total tax expense		**64.52**	**99.12**
(Loss)/Profit for the year		**(33.69)**	**634.79**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		(77.06)	4.10
Less: Income tax effect	7 (a)	-	-
		(77.06)	4.10
Net other comprehensive income for the year, net of tax.		**(77.06)**	**4.10**
Total comprehensive income for the year		**(110.75)**	**638.89**
Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2020: 10/-)] Basic and Diluted	23	**(0.75)**	**14.11**
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	**Pravin Karve** Director DIN: 06714708	**Rajendran Arunachalam** Director DIN: 08446343
Place: Pune Date: May 03, 2021	Place: Pune Date: May 03, 2021	Place: Pune Date: May 03, 2021

Cash flow statement for the year ended March 31, 2021

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

Particulars	Note	March 31, 2021	March 31, 2020
A) Cash flows from operating activities			
Profit before tax		30.83	733.91
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on property, plant and equipment	20	0.84	9.51
Provision for impairment allowance of financial assets (net)	21	3.52	(464.56)
Finance costs	19	-	27.97
Bad debts written off	21	18.03	0.70
(Profit) on sale/discard of assets (net)	17	(6.09)	(6.80)
Interest income	17	(173.73)	(22.73)
Liabilities no longer required written back	17	(26.23)	(214.83)
Working capital adjustments			
(Increase)/ Decrease in Trade receivables		643.03	2,302.31
(Increase)/ Decrease in Loans and Other financial assets		174.81	156.99
(Increase)/ Decrease in Other assets		(17.45)	207.51
Increase /(Decrease) in Trade payables		(669.73)	(777.91)
Increase / (Decrease) in Provisions		(1.95)	12.02
Increase /(Decrease) in Other financial liabilities		(6.84)	(50.72)
Increase /(Decrease) in Other liabilities		24.04	(160.88)
Cash generated from / (used in) operations		**(6.92)**	**1,752.49**
Direct taxes paid (net of refunds received)		1,159.07	(137.85)
Net cash inflow from operating activities		**1,152.15**	**1,614.64**
B) Cash flows from investing activities			
Sale of property, plant and equipment		6.45	10.66
Interest received		173.73	17.22
Investment in subsidiary		(0.76)	-
Net cash flows from investing activities		**179.42**	**27.88**
C) Cash flows from financing activities			
Borrowings repaid		-	(750.00)
Interim dividends paid		(2,000.00)	-
Interest paid		-	(45.00)
Net cash flows (used in) financing activities		**(2,000.00)**	**(795.00)**
Net increase / (decrease) in cash and cash equivalents		(668.43)	847.52
Cash and cash equivalents at the beginning of the year	9 (a)	1,168.63	321.11
Cash and cash equivalents at the end of the year		**500.20**	**1,168.63**

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

Particulars	Note	March 31, 2021	March 31, 2020
Cash and cash equivalents	9 (a)	500.20	1,168.63
Balances as per Cash flow statement		**500.20**	**1,168.63**

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	**Pravin Karve**	**Rajendran Arunachalam**
Partner	Director	Director
Membership No. 213935	DIN: 06714708	DIN: 08446343
Place: Pune	Place: Pune	Place: Pune
Date: May 03, 2021	Date: May 03, 2021	Date: May 03, 2021

Statement of changes in Equity for the year ended March 31, 2021

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

A EQUITY SHARE CAPITAL

Particulars	Notes	March 31, 2021	March 31, 2020
Balance at the beginning of the year	10A	450.00	450.00
Changes in equity shares capital during the year	10A	-	-
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, 2019	**525.21**	**2,351.98**	**2,877.19**
Profit for the year	-	634.79	634.79
Other Comprehensive Income	-	4.10	4.10
Total comprehensive income	525.21	2,990.87	3,516.08
As at March 31, 2020	**525.21**	**2,990.87**	**3,516.08**
Profit for the year	-	(33.69)	(33.69)
Other Comprehensive Income	-	(77.06)	(77.06)
Total comprehensive income	525.21	2,880.12	3,405.33
Interim dividends paid	-	2,000.00	2,000.00
As at March 31, 2021	**525.21**	**880.12**	**1,405.33**

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	**Pravin Karve**	**Rajendran Arunachalam**
Partner	Director	Director
Membership No. 213935	DIN: 06714708	DIN: 08446343
Place: Pune	Place: Pune	Place: Pune
Date: May 03, 2021	Date: May 03, 2021	Date: May 03, 2021

Notes to financial statements for the year ended March 31, 2021

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

1. Corporate information

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

The address of the registered office is Thermax House, 14, Mumbai –Pune Highway, Wakdewadi, Pune, 411001. The Board of Directors have authorized to issue by these separate financial statements on May 03, 2021.

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

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 01, 2019. This amendment had no impact on the financial statements of the Company.

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 functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

c. Fair value measurement

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

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

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

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

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

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

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

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

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

- Disclosures for 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 4, 5, 6, and 9)

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

d. Property, Plant and Equipment

Property, plant and equipment (PPE) 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 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.

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: 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 equipment's. 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.

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.

Notes to financial statements for the year ended March 31, 2021

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

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 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 20.10 was outstanding as at March 31, 2021 (March 31, 2020 INR 24.48) (Note no.14)

ii. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (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 25.

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 upto 8 and 10 years respectively. Refer note 2(g) for further details.

iv. 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.

v. Impact of 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 and inventories. 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 standalone financial statements.

Notes to financial statements for the year ended March 31, 2021

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

3 Property, plant and equipment

Particulars	Plant and equipment	Office equipment	Computer	Vehicles	Total
Gross carrying amount*					
As at April 01, 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**
Additions	-	-	-	-	-
Disposals	-	-	(1.10)	-	(1.10)
As at March 31, 2021	**183.55**	**7.50**	**24.29**	**45.38**	**260.72**
Accumulated depreciation*					
As at April 01, 2019	**221.89**	**8.45**	**30.96**	**65.35**	**326.65**
Charge for the year	8.29	-	1.22	-	9.51
Disposals	(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**
Charge for the year	-	-	0.84	-	0.84
Disposals	-	-	(0.74)	-	(0.74)
As at March 31, 2021	**183.55**	**7.50**	**24.29**	**45.38**	**260.72**
Net book value					
As at March 31, 2020	**-**	**-**	**1.20**	**-**	**1.20**
As at March 31, 2021	**-**	**-**	**-**	**-**	**-**

*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.

4 Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Receivables from related parties (refer note 26)	127.32	365.86
Others	999.74	1,422.26
Total receivables	**1,127.06**	**1,788.12**
Break-up of security details		
Secured, considered good	-	-
Unsecured, considered good	986.61	1,669.85
Trade receivables which have a significant increase in credit risk	110.54	110.54
Trade receivables - credit impaired	29.91	7.73
	1,127.06	**1,788.12**
Less: Impairment allowance*	(492.90)	(489.38)
Total	**634.16**	**1,298.74**

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.

*Includes provision amounting to Rs. 110.54 (March 31, 2020 : Rs. 110.54) for Trade receivables which have a significant increase in credit risk

For terms and conditions relating to related party receivables, refer note 26.

5 Current loans

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Unsecured, considered good		
Loans to staff and workers	-	1.99
Security deposits*	2.08	1.58
Total	**2.08**	**3.57**

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, 2021	March 31, 2020
At amortised cost		
Bank deposits with maturity of more than 12 months^^	3.44	3.47
Total	**3.44**	**3.47**

^^Above bank deposits are pledged as margin money.

(b) Other current financial assets

Particulars	March 31, 2021	March 31, 2020
At amortised cost		
Bank deposits with maturity of less than 12 months	100.87	256.19
Contract Assets		
- Unbilled revenue (refer note 16)	51.78	69.75
Total	**152.65**	**325.94**

7 (a) Income Taxes

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Statement of profit and loss

Particulars	As at March 31, 2021	As at March 31, 2020
Current income tax charge		
Current income tax	-	99.12
Adjustments in respect of current income tax of previous year	64.52	-
Deferred tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the Statement of profit and loss	**64.52**	**99.12**

Notes to financial statements for the year ended March 31, 2021

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

Other comprehensive income

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021 and March 31, 2020

Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax	30.83	733.91
At India's statutory income tax rate of 25.17% (March 31, 2020: 25.17%)	7.76	184.73
Effects of non-deductible business expenses	2.24	1.75
Utilisation of previously unrecognized tax benefits	(13.76)	(160.90)
Tax for earlier years	64.52	-
Other differences - Difference between book base and tax base for various items	3.76	73.54
At the effective tax rate of 203.71% (March 31, 2020: 13.51%)	64.52	99.12
Income tax expense reported in the statement of profit or loss	**64.52**	**99.12**

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, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
Deferred tax asset on		
Statutory dues deductible on payment under section 43B of Income-tax Act, 1961	6.57	7.62
Provision for doubtful debts, liquidated damages and other provisions	124.06	123.68
Difference in written down values of PPE	43.01	50.33
Others (Includes provision of onerous contract and sales tax)	30.23	35.99
Total	**203.87**	**217.62**

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

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
Unsecured considered good		
Balances with government authorities	783.97	726.89
Total	**783.97**	**726.89**

(b) Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Advances to suppliers	2.22	0.18
Advances to staff and workers	8.63	2.42
Prepaid expenses	-	0.68
Balances with government authorities	-	51.69
Prepaid employee benefits (note 25)	26.86	99.43
Total	**37.71**	**154.40**

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, 2021	As at March 31, 2020
At amortised cost		
Cash and cash equivalents		
Balances with banks		
- on current accounts	138.94	264.09
- in deposits with original maturity of less than three months	361.26	904.54
Total	**500.20**	**1,168.63**

(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)**	**(17.03)**
As at March 31, 2020	**–**	**–**

Notes to financial statements for the year ended March 31, 2021

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

10A Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
10,000,000 (March 31, 2020: 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, 2020: 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, 2019	4,500,000
Changes during the period	–
As at March 31, 2020	4,500,000
Changes during the period	–
As at March 31, 2021	**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, 2021	As at March 31, 2020
Thermax Limited		
4,500,000 (March 31, 2020: 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, 2021	
%	100.00
No. of shares	4,500,000
As at March 31, 2020	
%	100.00
No. of shares	4,500,000

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

10B Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Reserves and surplus		
General reserve	525.21	525.21
Retained earnings		
Opening balance	2,990.87	2,351.98
Add: (Loss)/Profit for the year	(33.69)	634.79
Less: Interim dividends paid	2,000.00	-
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 2020 - benefit Rs. Nil)	(77.06)	4.10
Net surplus in the statement of profit and loss	**880.12**	**2,990.87**
Total	**1,405.33**	**3,516.08**

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, 2021	As at March 31, 2020
Investments in equity instruments at cost (Fully paid)			
Thermax Engineering Construction Company, FZE			
Number of Shares: 1000 shares	USD 1	0.76	–
Total value of Investment		**0.76**	**–**

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).

12 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.45	23.76
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 26)	60.60	315.43
(ii) Others	166.93	584.75
Sub-total	227.53	900.18
Total	**227.98**	**923.94**

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

For terms and conditions with related parties, refer note 26.

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

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

	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	0.45	23.76
- Interest due thereon	-	-
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

13 Other current financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Employee related payables	25.48	32.32
Total	**25.48**	**32.32**

14 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for leave encashment	13.50	11.07
	13.50	**11.07**
Other provisions		
Provision for onerous contracts	20.10	24.48
Provision for customer claim	50.00	50.00
	70.10	74.48
Total	**83.60**	**85.55**

Provision for onerous contracts

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

Movement in provisions

Particulars	Provision for onerous contracts
As at April 1, 2020	
At the beginning of the year	24.48
Arising during the year	-
Provision utilized/reversed during the year	(4.38)
As at March 31, 2021	**20.10**

15 Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned revenue (refer note 16)	142.87	**116.42**
Customer advance (refer note 16)	29.17	29.17
Statutory dues and other liabilities*	19.90	22.31
Total	**191.94**	**167.90**

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

16 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2021	March 31, 2020
Revenue from services	216.99	3,081.97
Total revenue from contracts with customers	**216.99**	**3,081.97**

(b) Other operating income

	March 31, 2021	March 31, 2020
Sale of Scrap	-	0.74
	-	0.74
Total	**216.99**	**3,082.71**

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

i) Revenue by contract type

	March 31, 2021	March 31, 2020
Over a period of time basis	216.99	1,273.64
At a point-in-time basis	-	1,808.33
Total revenue from contracts with customer	**216.99**	**3,081.97**

Revenue by geographical market

	March 31, 2021	March 31, 2020
Within India	216.99	3,081.97
Outside India	-	-
Total revenue from contracts with customer	**216.99**	**3,081.97**

ii) Contract balances

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

	March 31, 2021	March 31, 2020
Trade receivables (refer note 4)	634.16	1,298.74
Unbilled revenue (Contract asset) (refer note 6 b)	51.78	69.75
Unearned revenue (Contract liability) (refer note 15)	142.87	116.42
Customer advances (Contract liability) (refer note 15)	29.17	29.17

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.

Notes to financial statements for the year ended March 31, 2021

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

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

	March 31, 2021	March 31, 2020
Unearned revenue	65.51	199.78
Customer advance	-	1.38

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, 2021	March 31, 2020
Opening unbilled revenue (refer note 6(b))	69.75	456.92
Opening unearned revenue (refer note 15)	116.42	233.46
- Transfer of contract assets to receivable from opening unbilled revenue	68.66	330.24
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	44.18	199.78
- Transfer of contract assets to receivable	188.37	2,992.91
- Increase in revenue as a result of changes in the measure of progress	172.81	2,882.19
- Others*	4.41	28.95
Closing unbilled revenue (refer note 6(b))	51.78	69.75
Closing unearned revenue (refer note 15)	142.87	116.42

* 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, 2021	March 31, 2020
Amount of revenue yet to be recognised for contracts in progress	749.81	947.26

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

17 Other income

Particulars	March 31, 2021	March 31, 2020
Profit on sale of asset	6.09	6.80
Liabilities no longer required written back	26.23	16.53
Interest income	173.73	22.73
Miscellaneous income (includes vendor settlement of Rs. Nil (March 31, 2020: Rs. 128.63))	11.97	198.30
Total	**218.02**	**244.36**

18 Employee benefits expense

Particulars	March 31, 2021	March 31, 2020
Salaries, wages and bonus	119.99	178.41
Contribution to provident and other funds	15.62	15.59
Gratuity expense (refer note 25)	(4.32)	(7.50)
Staff welfare expenses	6.89	15.99
Total	**138.18**	**202.49**

19 Finance costs

Particulars	March 31, 2021	March 31, 2020
Interest expense	-	27.97
Total	**-**	**27.97**

20 Depreciation expense

Particulars	March 31, 2021	March 31, 2020
Depreciation on property, plant & equipment (refer note 3)	0.84	9.51
Total	**0.84**	**9.51**

21 Other expenses

Particulars	March 31, 2021	March 31, 2020
Rent (refer note 24B)	12.52	35.99
Site expenses and contract labour charges	35.61	134.21
Erection & commissioning expenses	71.10	2,374.72
Advertisement and sales promotion	-	0.21
Rates and taxes	20.40	73.31
Insurance	0.98	6.98
Repairs and maintenance		
Building	0.32	2.31
Others	-	0.29
Travelling and conveyance	1.60	58.80
Legal and professional fees	23.61	32.96
Audit fees (refer note 22(b))	4.64	6.74
Director’s sitting fees (refer note 26)	-	4.20
Corporate cost allocation (refer note 26)	25.75	20.00
Bad debts/ advances written off	18.03	0.70
(Reversal of) / provision for impairment allowance of financial assets - net	3.52	(464.56)
CSR expenditure (refer note 22(a))	17.79	13.88
Bank guarantee charges (including bank charges)	17.09	39.46
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	12.20	12.99
Total	**265.16**	**2,353.19**

Notes to financial statements for the year ended March 31, 2021

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

22 (a) Corporate social responsibility (CSR)

Particulars	March 31, 2021	March 31, 2020
Gross amount required to be spent by the Company during the year	17.79	13.88
Total	**17.79**	**13.88**

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	17.79	-	-
	17.79	**-**	**-**
During the year ended March 31, 2020			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above *	13.88	-	-
	13.88	**-**	**-**

*The amount of Rs. 17.79 (March 31, 2020; Rs 13.88) is contributed to Thermax Foundation, India (also refer note no 26 Related party transactions).

The disclosures pertaining to Corporate Social Responsibility (CSR) activities applicable as per the amendment to Schedule III to the Companies Act, 2013 dated March 24, 2021 are not made by the Company as the amendment is applicable with effect from April 01, 2021.

22 (b) Payment to auditors

Particulars	March 31, 2021	March 31, 2020
As auditor		
Audit	4.00	6.00
In other capacity		
Other services	0.45	0.45
Reimbursement of expenses	0.19	0.29
Total	**4.64**	**6.74**

23 Earnings per share

Particulars	March 31, 2021	March 31, 2020
Net profit attributable to the equity shareholders of the Company	(33.69)	634.79
Weighted average number of equity shares of Rs.10/- each	45.00	45.00
Basic & Diluted Earnings per share (In Rupees)	(0.75)	14.11

24 Contingent Liabilities and commitments

A Contingent liabilities

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs.742.82 (March 31, 2020 Rs 738.19); Sales tax Rs. 24.51 (March 31, 2020 Rs.75.05).

ii) Income tax demands disputed in appellate proceedings are Rs. 29.00 (March 31, 2020 Rs. 29.00)

iii) On the basis of credit comfort of the Company, ICICI bank has issued bank guarantees of USD 748,500 (March 31, 2020 USD 324,000) in favour of customers of TEC FZE (Wholly owned subsidiary of TECC India).

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, 2021	March 31, 2020
Lease payments for the year	12.52	35.99
Within one year	–	–
After one year but not more than five years	–	–
More than five years	–	–

25 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, 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 (gain) 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)**
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)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	**33.94**	**133.37**	**(99.43)**
Current service cost	2.48	-	2.48
Interest expense/(income)	1.91	8.70	(6.79)
Total amount recognised in Statement of Profit and Loss	**4.39**	**8.70**	**(4.31)**
Experience adjustments	(5.01)	-	(5.01)
Actuarial loss from change in financial assumptions	(0.10)	-	(0.10)
Return on plan assets expense/(income)	-	0.52	(0.52)
Total amount recognised in Other comprehensive income	**(5.11)**	**0.52**	**(5.63)**
Employer contributions	-	-	-
Benefits paid	(12.06)	(12.06)	-
Amount not recognised due to asset ceiling	-	(82.51)	82.51
March 31, 2021	**21.16**	**48.02**	**(26.86)**

Notes to financial statements for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	21.16	33.94
Fair value of plan assets	48.02	133.37
Plan (assets)	**(26.86)**	**(99.43)**

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.90%	6.84%
Salary growth rate	5.00%	5.00%
Expected return on plan assets	6.84%	7.00%
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%

IV Sensitivity analysis

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

Assumption	Impact on defined benefit obligation	
	March 31, 2021	March 31, 2020
Discount rate		
1.00% increase	Decrease by 1.66	Decrease by 2.8
1.00% decrease	Increase by 1.47	Increase by 2.48
Future salary increase		
1.00% increase	Increase by 1.46	Increase by 2.65
1.00% decrease	Decrease by 1.32	Decrease by 2.39
Attrition Rate		
1.00% increase	Increase by 0.19	Increase by 0.33
1.00% decrease	Decrease by 0.22	Decrease by 0.38

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, 2021	March 31, 2020
Within next 12 months	1.52	2.55
Between 2-5 years	7.53	9.90
Between 5-10 years	24.57	13.32

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.89 years (March 31, 2020: 10 Years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2021	March 31, 2020
Investments with Insurer (LIC of India)	100.00%	100.00%

26 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 (TEC FZE)

Related parties with whom transactions have taken place during the year

A. Fellow Subsidiaries in India

Thermax Babcock & Wilcox Energy Solutions Private 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 till August 31, 2020

D Independent Director

Mr Ashok Joshi - till September 2019

Mr Ajay Joshi- till September 2019

E Transactions with related parties:

Particulars	Holding Company		Entities Controlled by Holding company		Subsidiary Company		Independent Director		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a. Transactions during the year										
Sales of products and services	-	146.03	24.40	86.60	-	-	-	-	24.40	232.63
Sale of fixed assets	-	-	5.73	1.00	-	-	-	-	5.73	1.00
Recovery of expenses	0.45	23.52	46.43	7.50	367.67	159.96	-	-	414.54	190.98
Reimbursement of expenses	1.78	13.77	34.51	176.75	-	-	-	-	36.29	190.52
Reimbursement of remuneration for key management personnel	-	21.80	33.87	21.80	-	-	-	-	33.87	43.60
Corporate social responsibility	-	-	17.79	13.88	-	-	-	-	17.79	13.88
Director's sitting fees										
- Mr. Ajay Joshi	-	-	-	-	-	-		2.10	-	2.10
- Mr. Ashok Joshi	-	-	-	-	-	-		2.10	-	2.10
Commission paid	12.88	12.96	-	-	-	-	-	-	12.88	12.96
Corporate cost allocation	25.77	18.12	-	-	-	-	-	-	25.77	18.12
Interest expenses on intercorporate loan	-	27.05	-	-	-	-	-	-	-	27.05
Rent paid	-	6.00	-	-	-	-	-	-	-	6.00
Dividend paid	2,000.00	-	-	-	-	-	-	-	2,000.00	-

Remuneration paid to Upsen Umale of Rs. 33.87 (March 31, 2020 Rs. 43.60)

(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, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
b. Balances as at the year end								
Trade receivables	0.45	-	46.18	205.90	80.69	159.96	127.32	365.86
Trade payables and other liabilities	-	27.49	60.60	287.94	-	-	60.60	315.43

G Commitments

Thermax Limited has issued corporate guarantee to Banks on behalf of the Company of Rs. 9,000.00 as on March 31, 2021 (March 31, 2020: Rs. 9,000.00).

On the basis of credit comfort of the Company, ICICI bank has issued bank guarantees of USD 748,500 (March 31, 2020 USD 324,000) in favour of customers of TEC FZE.

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, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: 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.

27 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, 2021	As at March 31, 2020
Trade receivables (refer note 4)	634.16	1,298.74
Loans (refer note 5)	2.08	3.57
Other financial assets (refer note 6)	156.09	329.41
Cash and cash equivalents (refer note 9(a))	500.20	1,168.63
Total	**1,292.53**	**2,800.35**
Current assets	1,289.09	2,796.88
Non-current assets (refer note 6(a))	3.44	3.47
Total	**1,292.53**	**2,800.35**

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, 2021	As at March 31, 2020
Trade payable (refer note 13)	227.98	923.94
Employee related payables (refer note 14)	25.48	32.32
Total	**253.46**	**956.26**
Current liabilities	253.46	956.26
Total	**253.46**	**956.26**

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

28 Financial risk management

The Company's principal financial liabilities, comprise 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 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 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 4. 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 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.

II 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.

Notes to financial statements for the year ended March 31, 2021

(All amounts are in Rupees Lakh, 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, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Trade Payables	227.98	-	-
Other financial liabilities			
Employee related payables	25.48	-	-

March 31, 2020	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Trade Payables	923.94	-	-
Other financial liabilities			
Employee related payables	32.32	-	-

29 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, 2021. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2021	March 31, 2020
Trade payables	227.98	923.94
Less: Cash and cash equivalents	(500.20)	(1168.63)
Net debt	0.00	0.00
Equity	1,855.33	3,975.59
Capital and net debt	1,855.33	3,975.59

30 The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial results, used internal and external sources of information and expects that the carrying amount of the account receivables and contract balances will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of the same.

31 During the year, the Company has stopped accepting new orders as the management is in discussion with the holding company to evaluate future business opportunities and prospects. As at the reporting date, the Company has certain order backlog (including business in its wholly owned subsidiary). As at the reporting date, the Company has sufficient cash balances to meet its obligation and honour the commitments. Management is confident of recovering asset balances (including balances with government authorities) with the alternative plans available and hence, financial statements have been prepared on a going concern basis.

32 The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

Place: Pune
Date: May 03, 2021

Pravin Karve
Director
DIN: 06714708

Place: Pune
Date: May 03, 2021

Rajendran Arunachalam
Director
DIN: 08446343

Place: Pune
Date: May 03, 2021

THERMAX INSTRUMENTATION LIMITED

Board of Directors

Ravinder Advani
B.C. Mahesh
Rajendran Arunachalam
Ajay Joshi – Independent Director
Ashok K. Joshi – Independent Director

Registered Office

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

Auditors

SRBC & CO. LLP Chartered Accountants, C Wing, Ground Floor, Panchshil Tech Park, Yerwada, Pune 411006

Key Managerial Personnel

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

Corporate Office

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

Bankers

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

Branch offices

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

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

3. SAIF Executive Office P08-04-31,
P.O. Box- 121291, Sharjah-U.A.E.

DIRECTORS' REPORT

Dear Shareholder,

The Directors present the Twenty Fifth Annual Report for the year ended March 31, 2021.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2020-2021	2019-2020
Total Income	**11,961.81**	18,285.07
Profit before Depreciation	**1,405.32**	1,312.69
Depreciation	**27.56**	34.47
Profit before Tax	**1,377.76**	1,278.22
Provision for Taxation including Deferred Tax	**600.63**	460.72
Profit after tax	**776.27**	817.50

STATE OF COMPANY'S AFFAIRS

During the year, the Company earned a total income of Rs 11,961.81 lakh (previous year Rs 18,285.07 lakh). Profit before tax stood at Rs 1,377.76 lakh (previous year Rs. 1,278.22 lakh) and profit after tax is Rs.776.27 lakh (previous year Rs. 817.50 lakh).

Profit for the year is higher due to higher services revenue and tight cost control in the year. The order booking in the current year was Rs. 16,902 lakh (previous year Rs. 8,334 lakh). Partial revival in capital goods investments in the second quarter of year has led to increase in order booking in the Indian market.

The second surge of Covid-19 pandemic since end of March 21 may impact capital goods investment leading to pressure on order booking in current year. The company is focusing on 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 formulated procedures for Covid protection protocols for sites and Head Office as per government guidelines. They are reviewed by the top management at frequent intervals and appropriate corrective actions, if any, are immediately taken. There were no Covid fatalities at site or Head Office in the year.

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 Board at its meeting held on January 25, 2021 declared Interim Dividend of Rs. 12 per equity share for financial year 2020-21.

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.

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, 2021.

BUSINESS RISK MANAGEMENT

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

KEY MANAGERIAL PERSONNEL (KMP)

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

DIRECTORS

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

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and have also confirmed that their names have been added in the data bank maintained by the Indian Institute of Corporate Affairs for independent directors, in accordance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, every individual whose name is so included in the data bank shall pass an online proficiency self-assessment test. However, an individual who has fulfilled the criteria prescribed in Rule 6(4) of the said Rules, is exempted from the passing the online proficiency self-assessment test. In view of the same, Mr. Ajay Joshi, having met the aforesaid criteria, was exempted from the proficiency self-assessment test and Mr. Ashok K. Joshi passed the proficiency self-assessment test.

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 for a further period of one year in the Extra ordinary General Meeting of the Company held on February 4, 2020.

BOARD MEETINGS

The Board met five times on June 11, 2020, August 3, 2020, October 30, 2020, January 25, 2021 and March 2, 2021 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. B. C. Mahesh	5
Mr. Ajay Joshi	5
Mr. Ashok K. Joshi	5
Mr. Ravinder Advani	3
Mr. Rajendran Arunachalam	5

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee met four times during the year on June 11, 2020, August 3, 2020, October 30, 2020, and January 25, 2021. 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. Ajay Joshi	4
Mr. Ashok K. Joshi	4
Mr. Rajendran Arunachalam	4

NOMINATION AND REMUNERATION COMMITTEE

The committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met twice during the year on August 3, 2020 and January 25, 2021 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 25, 2021 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.31.36 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.

CONSERVATION OF ENERGY

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

TECHNOLOGICAL ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(Rs. in lakh)
Foreign currency earnings	4,817.28 *(previous year 6,552.56)*
Foreign currency outgo	2,994.98 *(previous year 5,390.88)*

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) appointed as the Statutory Auditors of the Company for a period of Five year from the conclusion of the 24th Annual General Meeting (AGM) until the conclusion of the 29th AGM.

ACKNOWLEDGEMENTS

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

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

Place: Pune	**Rajendran Arunachalam**	**Mr. B. C. Mahesh**
Date: May 6, 2021	Director	Director
	DIN: 08446343	DIN: 06631816

ANNEXURE 1

CSR REPORT FOR THE FINANCIAL YEAR 2020-21

Brief outline on CSR Policy of the Company:

Thermax Instrumentation Limited is a wholly owned subsidiary of Thermax Limited, is a construction arm of the Holding Company. The Company is committed to contribute to the welfare of the community in which it is carrying out its business operations. Being a wholly owned subsidiary of Thermax Limited, it has been decided that the CSR policy of the company will be aligned with the CSR policy of Thermax Limited and the CSR activities of the company shall be conducted through Thermax Foundation (TF).

Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	B. C. Mahesh	Director	1	1
2	Ajay Joshi	Independent Director	1	1
3	Ashok K. Joshi	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company — **https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). — **NA**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any — **NA**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1			
2			
3			
	TOTAL		

6. Average net profit of the company as per section 135(5): **Rs. 15.68 Crore**

7. (a) Two percent of average net profit of the company as per section 135(5): **Rs. 0.31 Crore**

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NA**

   (c) Amount required to be set off for the financial year, if any: **NA**

   (d) Total CSR obligation for the financial year (7a+7b- 7c) : **Rs. 0.31 Crore**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. Lakh)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
0.31 Crore	NIL			NIL	

   (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1.												
2.												
3.												
	TOTAL											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl.No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in Rs. In Crore)**	**Mode of implementation on - Direct (Yes/ No)**	**Mode of implementation – Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1.	Donation to Thermax Foundation	Education and other CSR initiatives as per CSR Policy	Yes	Maharashtra	Pune	0.31	No	Thermax Foundation	In process of obtaining the registration number
	TOTAL					0.31			

(d) Amount spent in Administrative Overheads : **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

(f) Total amount spent for the Financial Year :(8b+8c+8d+8e): **Rs. 0.31 Crore**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	0.31 Crore
(ii)	Total amount spent for the Financial Year	0.31 Crore
(iii)	Excess amount spent for the financial year [(ii)-(i)]	–
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	–

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	**Amount (in Rs)**	**Date of transfer**	
1.							
2.							
3.							
	TOTAL						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.)**	**Amount spent on the project in the reporting Financial Year (in Rs)**	**Cumulative amount spent at the end of reporting Financial Year (in Rs.)**	**Status of the project - Completed/Ongoing**
1.								
2.								
3.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details). N.A.**
    (a) Date of creation or acquisition of the capital asset(s). **NA**
    (b) Amount of CSR spent for creation or acquisition of capital asset. **NA**
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **NA**
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **NA**

Harish Tikotkar
CFO

B. C. Mahesh
Chairman - CSR Committee

Place: Pune
Date: May 6, 2021

ANNEXURE 2

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Instrumentation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Thermax Instrumentation Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at Philippines and 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 separate financial statements and on the other financial information of the branches, the aforesaid 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, 2021, 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 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 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 financial statements.

Emphasis of Matter

We draw attention to note 38 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 the Trade receivables and contract balances as at March 31, 2021 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, 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 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 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 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 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 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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.

Other Matter

We did not audit the financial statements and other financial information of 2 (two) branches included in the accompanying financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 1,371.03 lakhs as at March 31, 2021 and the total revenues of Rs. 3,405.54 lakhs for the year ended on that date, as considered in the financial statements. The financial statements and other 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 books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

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

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

   (e) In our opinion, the aforesaid 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 not 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these 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, 2021 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 financial statements – Refer Note 29 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 17 to the financial statements; and

      iiii. 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: 21213935AAAACS8492

Place of Signature: Pune
Date: May 6, 2021

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.

(vii) (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 by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the 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: 21213935AAAACS8492

Place of Signature: Pune
Date: May 6, 2021

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 with reference to financial statements of Thermax Instrumentation Limited ('the Company') as of March 31, 2021 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 (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 with reference to these 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 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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: 21213935AAAACS8492

Place of Signature: Pune
Date: May 6, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Assets			
I. Non-current assets			
Property, plant and equipment	4	**132.02**	152.26
Financial assets:			
(a) Trade receivables	5 (a)	**563.23**	572.46
Deferred tax assets (net)	6	**293.41**	237.85
Income tax assets (net)		**2,845.11**	2,719.88
Other assets	7 (a)	**520.46**	539.89
Total Non-current assets		**4,354.23**	4,222.34
II. Current assets			
Financial assets:			
(a) Investments	8	–	200.56
(b) Trade receivables	5 (b)	**3,458.40**	4,128.42
(c) Cash and cash equivalents	9 (a)	**1,726.81**	2,200.62
(d) Bank balances other than (c) above	9 (b)	**700.61**	161.03
(e) Loans	10	**21.72**	18.76
(f) Other assets	11	**1,866.01**	826.74
Other assets	7 (b)	**1,494.24**	1,217.71
Total Current assets		**9,267.79**	8,753.84
Total Assets		**13,622.02**	12,976.18

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Equity and Liabilities			
I. Equity			
Equity share capital	12	**900.00**	900.00
Other equity	13	**3,067.46**	3,449.82
Total equity		**3,967.46**	4,349.82
II. Non-current liabilities			
Financial liabilities:			
(a) Trade payables	14 (a)	**633.18**	521.00
Other liabilities	15(a)	**189.39**	16.63
Total non-current liabilities		**822.57**	537.63
III. Current liabilities			
Financial liabilities:			
(a) Trade payables	14 (b)		
- total outstanding dues of micro and small enterprises		**52.71**	17.65
- total outstanding dues of creditors other than micro and small enterprises		**4,351.82**	4,231.22
(b) Other liabilities	16	**188.90**	200.97
Other liabilities	15(b)	**3,913.17**	3,463.91
Provisions	17	**325.39**	174.98
Total current liabilities		**8,831.99**	8,088.73
Total equity and liabilities		**13,622.02**	12,976.18

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: May 06, 2021

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: May 06, 2021

THERMAX INSTRUMENTATION LIMITED

Statement of profit and loss for the period ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	20	**11,714.51**	17,951.83
Other income	21	**246.45**	333.24
Total Income (I)		**11,960.96**	18,285.07
Expenses			
Project bought-out and components		**190.53**	671.99
Employee benefits expense	22	**3,096.55**	3,374.30
Finance cost	23	**1.79**	2.81
Depreciation expense	24	**27.56**	34.47
Other expenses	25 (a)	**7,267.63**	12,923.28
Total Expenses (II)		**10,584.06**	17,006.85
Profit before tax (III = I-II)		**1,376.90**	1,278.22
Tax expense			
Current tax	26	**656.19**	614.90
Deferred tax	26	**(55.56)**	(154.18)
Total tax expense (IV)		**600.63**	460.72
Profit for the year (V = III-IV)		**776.27**	817.50
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss	27		
Net gain / (loss) on translation of foreign operations		**(84.52)**	95.45
Less: Income tax effect		**-**	-
		(84.52)	95.45
B. Items that will not be reclassified subsequently to profit or loss	27		
Re-measurement gain / (loss) of defined benefit plan		**7.87**	11.43
Less: Income tax effect		**(1.98)**	(2.88)
		5.89	8.55
Total other comprehensive income for the year (net of tax) (VI)		**(78.63)**	104.00
Total comprehensive income for the year (VII = V+VI)		**697.64**	921.50
Earning per equity share [Nominal value Rs. 10 each (March 31, 2020: Rs. 10)] Basic and diluted	28	**8.63**	9.08
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: May 06, 2021

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: May 06, 2021

Cash Flow Statement for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A) Cash flows from operating activities		
Profit before tax	**1,376.90**	1,278.22
Adjustments to reconcile profit before tax to net cash flows		
Depreciation on Property, Plant & Equipment	**27.56**	34.47
Provision for impairment allowance of financial assets (net)	**77.76**	285.54
Interest expense	**1.79**	2.81
Bad debts/advances written off	**112.30**	-
Loss /(Gain) on sale/discard of assets (net)	**0.16**	(0.17)
Interest income from bank	**(66.45)**	(16.64)
Interest income - others	**(9.35)**	(30.28)
Net foreign exchange (Gain)/Loss (including effect of foreign exchange differences on cash and cash equivalents)	**(27.13)**	16.01
Fair value gain on financial instruments at fair value through profit and loss (net)	**(3.41)**	(66.33)
Liabilities no longer required written back	**(94.95)**	(125.32)
Cash flows before working capital changes	**1,395.18**	1,378.31
Working capital adjustments		
Decrease / (Increase) in trade receivables	**502.95**	(394.43)
Decrease / (Increase) in other non-current assets	**19.43**	23.49
Decrease / (Increase) in other financial assets	**(1,058.54)**	254.04
(Increase) in other current assets	**(361.05)**	(159.89)
(Increase) in loans	**(2.96)**	(1.70)
Increase in trade payables	**395.42**	261.74
Increase / (Decrease) in other non-current liabilities	**172.76**	(187.84)
Increase / (Decrease) in other current liabilities	**449.26**	(1,578.29)
(Decrease) /Increase in other financial liabilities	**(12.07)**	34.41
Increase / (Decrease) in provisions	**156.30**	(42.55)
	261.50	(1,791.02)
Cash from / (used in) generated from operations	**1,656.68**	(412.71)
Direct taxes paid (net of refunds)	**(772.07)**	(860.11)
Net cash flow from / (used in) from operating activities	**884.61**	(1,272.82)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
B) Cash flows from/ (used in) investing activities		
Purchase of property, plant and equipment	**(7.49)**	(14.95)
Redemption of investments (net)	**200.56**	2,394.32
Interest income from bank	**66.45**	16.64
Net proceeds from sale of property, plant and equipment	**0.02**	5.01
Investment in fixed deposits (net)	**(539.58)**	(161.03)
Net gain on sale of investments	**3.41**	66.32
Net cash flows from / (used in) investing activities	**(276.63)**	2,306.31
C) Cash flows from/ (used in) financing activities		
Redemption of Preference Shares	**–**	(1,000.00)
Interim Dividend Paid	**(1,080.00)**	–
Interest paid	**(1.79)**	(2.81)
Net cash flows (used in) financing activities	**(1,081.79)**	(1,002.81)
Net (decrease) / increase in cash and cash equivalents	**(473.81)**	30.68
Cash and cash equivalents at the beginning of the year	**2,200.62**	2,169.94
Cash and cash equivalents at the end of the year	**1,726.81**	2,200.62

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

	Note No.	March 31, 2021	March 31, 2020
Cash and cash equivalents	9 (a)	**1,726.81**	2,200.62
Balances as per Cash flow statement		**1,726.81**	2,200.62

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: May 06, 2021

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

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DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: May 06, 2021

THERMAX INSTRUMENTATION LIMITED

Statement of Changes in Equity for the year ended March 31, 2021

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

A Equity share capital

	Note	March 31, 2021	March 31, 2020
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, 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 (net)	–	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
Profit for the year	**–**	**776.27**	**776.27**	**–**	**776.27**
Other Comprehensive Income (net)	**–**	**5.89**	**5.89**	**(84.52)**	**(78.63)**
Dividends paid	**–**	**(1,080.00)**	**(1,080.00)**	**–**	**(1,080.00)**
As at March 31, 2021	**2,118.84**	**948.66**	**3,067.50**	**(0.04)**	**3,067.46**

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: May 06, 2021

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

B. C. Mahesh
Director
DIN: 06631816

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Director
DIN: 08446343

Harish Tikotkar
Chief Financial Officer

Sudhir Lale
Company Secretary

Place: Pune
Date: May 06, 2021

Notes to financial statements for the year ended March 31, 2021

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

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 May 06, 2021.

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);
- Defined benefit plans- Net Plan assets/liabilities are measured at fair value.

2.2. Changes in accounting policies and disclosures

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 1, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 1, 2019. This amendment had no impact on the financial statements of the Company.

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

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)
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 proportion 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

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. This category generally applies to trade and other receivables.

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 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.

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. 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. 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 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. Impairment losses 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.

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 the three 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 as 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%/20%/0% branch profit tax in these Philippines/Zambia/Sharjah respectively 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.173.21 (March 31, 2020: Rs 183.77) as at the balance sheet date.

v. Impact of 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 and inventories. 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.

Notes to financial statements for the year ended March 31, 2021

(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, 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**
Additions	–	–	–	5.61	1.90	7.51
Disposals	–	–	–	–	(2.99)	(2.99)
As at March 31, 2021	**12.22**	**304.19**	**71.87**	**345.19**	**52.60**	**786.07**
Accumulated depreciation						
As at April 01, 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**
Charge for the year	0.18	10.16	4.91	5.68	6.64	27.56
Disposals	–	–	–	–	(2.81)	(2.81)
As at March 31, 2021	**4.17**	**208.79**	**50.15**	**343.79**	**47.15**	**654.05**
Net Block						
As at March 31, 2021	**8.05**	**95.40**	**21.72**	**1.40**	**5.45**	**132.02**
As at March 31, 2020	**8.23**	**105.56**	**26.63**	**1.47**	**10.37**	**152.26**

Details of assets taken on operating lease:

	March 31, 2021	March 31, 2020
Cost/Deemed cost	12.22	12.22
Accumulated depreciation	4.17	3.99
Net carrying amount	8.05	8.23

* 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, 2021	As at March 31, 2020
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**563.23**	572.46
(ii) Others	–	–
Total receivables	**563.23**	572.46
Break-up of security details		
Secured, considered good	–	–
Unsecured, considered good	**898.88**	839.68
Less: Impairment allowance	**(335.65)**	(267.22)
	563.23	572.46
Trade Receivables which have a significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total	**563.23**	572.46

5(b) Current trade receivables

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Trade receivables		
(i) Related Parties (refer note 33)	**2,784.78**	2,013.06
(ii) Others	**673.62**	2,115.36
Total receivables	**3,458.40**	4,128.42
Break-up of security details		
Secured, considered good	**215.26**	640.12
Less: Impairment allowance	–	–
	215.26	640.12
Unsecured, considered good	**4,124.45**	4,370.79
Less: Impairment allowance	**(881.31)**	(882.49)
	3,243.14	3,488.30
Trade Receivables which have a significant increase in credit risk	–	–
Less: Impairment allowance	–	–
	–	–
Trade Receivables - credit impaired	**25.28**	4.41
Less: Impairment allowance	**(25.28)**	(4.41)
Total	**3,458.40**	4,128.42

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.

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.

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

6 Deferred tax assets (net)

	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Retained earnings of foreign branches	**(161.79)**	(183.77)
Unrealized foreign exchange gain	**(0.26)**	(0.32)
	(162.05)	(184.09)
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	**24.77**	26.52
Provision for doubtful receivables, advances, balance with government authorities, etc)	**288.03**	265.10
Items allowed on payment basis	**85.69**	112.12
Others	**56.97**	18.20
	455.46	421.94
Deferred tax assets (net)	**293.41**	237.85

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 Other assets

7(a) Other non-current assets

	As at March 31, 2021	As at March 31, 2020
Balances with government authorities		
Unsecured considered good	**520.46**	539.89
Unsecured considered doubtful	**40.04**	110.65
	560.50	650.54
Less : Impairment allowance	**(40.04)**	(110.65)
Total	**520.46**	539.89

7(b) Other current assets

	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Advances to suppliers	**639.55**	470.49
Advances to employees	**64.95**	47.97
Prepaid expenses	**59.17**	63.85
Balances with government authorities	**652.94**	560.36
Prepaid employee benefits (note 32)	**55.01**	52.91
Others	**22.62**	22.13
Total	**1,494.24**	1,217.71

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 Investments

	Face value	As at March 31, 2021	As at March 31, 2020
Investments at Fair value through profit or loss			
Investments in Mutual Funds :			
Liquid/ liquid plus and duration funds (unquoted)			
ICICI Pru - Overnight Fund - Direct Growth	Rs. 100	–	200.56
		–	200.56
Number of units held for above investments			
ICICI Pru -Overnight Fund Direct Growth		–	1,86,140.84
Aggregate amount of unquoted investments		–	200.56
Aggregate amount of impairment in the value of investments		–	–

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

9(a) Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Balances with banks		
- in current accounts *	**1,276.27**	1,314.63
- in deposits with original maturity of less than three months	**450.03**	884.81
Cash on hand	**0.51**	1.18
Total	**1,726.81**	2,200.62

* this includes bank balances of Rs. 905.03 (March 31, 2020 Rs. 885.63) 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, 2021	As at March 31, 2020
Deposits with original maturity of more than 3 months but less than 12 months	**700.61**	161.03
Total	**700.61**	161.03

10 Loans

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortised cost		
Security deposits	**16.78**	13.61
Loans to employees	**4.94**	5.15
Total	**21.72**	18.76

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 financial assets

	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Unbilled revenue (note 18)*	**1,802.78**	781.04
Trade deposits	**63.23**	45.70
Total	**1,866.01**	826.74

* Unbilled revenue is net of impairment allowance of Rs. 19.27 (March 31, 2020: Rs. 33.99) 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, 2021	As at March 31, 2020
Authorized shares (Nos)		
9,000,000 (March 31, 2020: 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, 2020: 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, 2019	9,000,000	900.00
Changes during the year	–	–
At March 31, 2020	9,000,000	900.00
Changes during the year	–	–
At March 31, 2021	**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, 2021	As at March 31, 2020
Thermax Limited	**900.00**	900.00
9,000,000 (March 31, 2020: 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, 2021	As at March 31, 2020
Thermax Limited		
%	**100.00**	100.00
No. of shares	**9,000,000**	9,000,000

13 Other equity

	As at March 31, 2021	As at March 31, 2020
Reserves and surplus		
Capital reserve	**1,118.84**	1,118.84
Capital Redemption Reserve		
Opening balance	**1,000.00**	–
Add: Transfer during the year	**–**	1,000.00
Balance at the end of the year	**1,000.00**	1,000.00
Retained earnings		
Opening balance	**1,086.29**	1,260.24
Add: Profit for the year	**776.27**	817.50
Less: Transfer to Capital Redemption Reserve	**–**	(1,000.00)
Less: Interim Dividend Paid	**(1,080.00)**	–
Movement during the year	**(303.73)**	(182.50)
Items of other comprehensive income recognized directly in retained earnings:		
Re-measurement gain/(loss) on post-employment benefit plans, net of tax Rs. 1.98 (March 31, 2020 Rs. 2.88)	**5.89**	8.55
Net Surplus in the Statement of profit and loss	**788.45**	1,086.29
Total Reserves and surplus	**2,907.29**	3,205.13
Other Reserve		
Foreign Currency Translation Reserve		
Opening balance	**84.48**	(10.97)
Add/ (Less): movement during the period	**(84.52)**	95.45
Closing balance	**(0.04)**	84.48
Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2020 Rs. 65.82)	**160.21**	160.21
Total	**3,067.46**	3,449.82

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 Trade Payables

14(a) Non current trade payables

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Others	**633.18**	521.00
Total	**633.18**	521.00

14(b) Current trade payables

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding dues of micro and small enterprises (note 14(c))	**52.71**	17.65
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related Parties (note 33)	**222.82**	101.20
(ii) Others	**4,129.00**	4,130.02
Total	**4,404.53**	4,248.87

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

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

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

	March 31, 2021	March 31, 2020
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	**52.71**	17.65
- 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	**0.23**	0.13
The amount of payment made to the supplier beyond the appointed day during the period	**31.94**	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	**–**	–
The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	**–**	–

15 Other Liabilities

15(a) Other non-current liabilities

	As at March 31, 2021	As at March 31, 2020
Customer advances		
(i) Others	**–**	16.63
(ii) Related Parties (refer note 33)	**189.39**	–
Total	**189.39**	16.63

15(b) Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Unearned revenue (note 18)	**1,268.35**	1,159.18
Customer advances		
(i) Related Parties (refer note 33)	**1,341.70**	464.97
(ii) Others	**1,036.88**	1,728.30
Statutory dues and other liabilities*	**266.24**	111.46
Total	**3,913.17**	3,463.91

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

16 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Employee related payables	**134.11**	144.23
Customer deposits	**54.71**	56.54
Payable against tangible assets	**0.03**	0.20
Total	**188.90**	200.97

17 Current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for leave encashment	**99.05**	102.67
	99.05	102.67
Other provisions		
Provision for onerous contracts	**226.34**	72.31
	226.34	72.31
Total	**325.39**	174.98

Movement in provisions for onerous contracts

	March 31, 2021	March 31, 2020
As at April 1, 2020	**72.31**	138.12
Additional provision recognized	**161.24**	21.73
Provision (utilized)/ (reversed) during the year	**(7.21)**	(87.54)
As at March 31, 2021	**226.34**	72.31

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.

18 Revenue from operations

(a) Revenue from contracts with customers:

	March 31, 2021	March 31, 2020
Revenue from services	**11,622.91**	17,873.52
Total revenue from contracts with customers	**11,622.91**	17,873.52

(b) Other operating income

	March 31, 2021	March 31, 2020
Sale of Scrap	**66.62**	70.27
Exchange fluctuation gain (net)	**24.98**	8.04
	91.60	78.31
Total revenue from operations	**11,714.51**	17,951.83

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

i) Revenue by category of contracts:

	March 31, 2021	March 31, 2020
Over a period of time basis	**7,466.78**	13,120.72
At a point-in-time basis	**4,156.13**	4,752.80
Total revenue from contracts with customer	**11,622.91**	17,873.52

Revenue by geographical market

	March 31, 2021	March 31, 2020
Within India	**6,832.06**	11,288.01
Outside India	**4,790.85**	6,585.51
Total revenue from contracts with customer	**11,622.91**	17,873.52

ii) Contract balances

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

	As at March 31, 2021	As at March 31, 2020
Trade receivables (refer note 5(a) and 5(b))	**4,021.63**	4,700.88
Unbilled revenue (Contract asset) (refer note 11)	**1,802.78**	781.04
Unearned revenue (Contract liability) (refer note 15(b))	**1,268.35**	1,159.18
Customer advances (Contract liability) (refer note 15(a) and 15(b))	**2,567.97**	2,209.90

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.

The following table summarises the change in impairment allowance measured using life time expected credit loss model

	Provisions on Trade Receivables		Provisions on contract	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
At the beginning of the year	**1154.12**	846.46	**34.00**	53.36
Provisions Made During the year	**221.64**	375.14	**–**	–
Utilized/ reversed during the year	**(133.52)**	(67.48)	**(14.73)**	(19.36)
At the end of the year	**1242.24**	1154.12	**19.27**	34.00

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

	March 31, 2021	March 31, 2020
Unearned revenue	**930.74**	1,428.99
Customer advance	**910.53**	1,916.68

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, 2021	As at March 31, 2020
Opening unbilled revenue (refer note 11)	**781.04**	1,016.60
Opening unearned revenue (refer note 15(b))	**1,159.18**	1,489.67
- Transfer of contract assets to receivable from opening unbilled revenue	**644.63**	988.09
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	**930.74**	1,428.99
- Transfer of contract assets to receivable	**6,097.67**	12,029.58
- Increase in revenue as a result of changes in the measure of progress	**6,535.22**	11,761.75
- Others*	**188.91**	78.14
Closing unbilled revenue (refer note 11)	**1,802.78**	781.04
Closing unearned revenue (refer note 15(b))	**1,268.35**	1,159.18

* 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, 2021	March 31, 2020
Amount of revenue yet to be recognised for contracts in progress	**19,144.26**	14,648.64

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.

19 Other income

	March 31, 2021	March 31, 2020
Interest income from financial assets at amortized cost		
Bank deposits	**66.45**	16.64
Other Interest income	**9.35**	30.28
Profit on sale of asset	**-**	0.17
Fair value gain on mutual funds at fair value through profit or loss	**3.41**	66.33
Rent income (Refer note 30 (b)(ii))	**65.14**	65.14
Liabilities no longer required written back	**94.95**	125.32
Miscellaneous income (includes brokerage income and recovery of liquidated damages)	**7.15**	29.36
Total	**246.45**	333.24

20 Employee benefits expense

	March 31, 2021	March 31, 2020
Salaries and wages	**2,925.61**	3,200.73
Contribution to provident and other funds	**112.74**	134.41
Gratuity expense (note 32)	**17.52**	17.48
Staff welfare expenses	**40.68**	21.68
Total	**3,096.55**	3,374.30

21 Finance costs

	March 31, 2021	March 31, 2020
Interest expense	**1.79**	2.81
Total	**1.79**	2.81

22 Depreciation expense

	March 31, 2021	March 31, 2020
Depreciation on property, plant and equipment (note 4)	**27.56**	34.47
Total	**27.56**	34.47

23 Other expenses

	March 31, 2021	March 31, 2020
Consumption of stores and spare parts	**12.88**	58.01
Power and fuel	**8.57**	14.44
Freight and Forwarding charges	**0.71**	23.97
Site expenses and contract labour charges	**6,344.84**	11,565.54
Advertisement and sales promotion	**14.75**	17.19
Rent (note 30 (b)(i))	**76.88**	74.89
Rates and taxes	**73.96**	43.24
Insurance	**38.69**	47.70
Repairs and maintenance		
- Others	**1.00**	7.94
Travelling and conveyance	**148.33**	294.32
Legal and professional fees (includes payment to auditors; refer note 24)	**193.67**	287.63
Director's sitting fees (note 33)	**10.60**	10.60
Bad debts/ advances written off	**112.30**	-
Provision for impairment of financial assets (net of reversals)	**77.76**	285.54
Loss on sale/ discard of assets (net)	**0.16**	-
Corporate Social Responsibility expenditure (Refer note 25)	**31.36**	37.67
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	**121.17**	154.60
Total	**7,267.63**	12,923.28

24 Payment to auditors

	March 31, 2021	March 31, 2020
As auditor		
Audit fee	**8.50**	6.50
Services relating to branch audit	**16.17**	14.70
Reimbursement of expenses	**0.56**	0.69
Total	**25.23**	21.89

25 Corporate Social Responsibility

	March 31, 2021	March 31, 2020
Gross amount required to be spent by the Company during the year	**30.09**	37.67
Total	**30.09**	37.67

Amount spent during the year

	In Cash	Yet to be spent in cash	Total
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset	–	–	–
b. On purposes other than (a) above *	31.36	–	31.36
	31.36	**–**	**31.36**
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**

*The amount is contributed to Thermax Foundation, India (refer note 33) which is engaged in the education of economically underprivileged children by addressing social discrimination through affirmative action, skill development and employability initiatives.

There is no shortfall in contribution for previous year.

The disclosures pertaining to Corporate Social Responsibility (CSR) activities applicable as per the amendment to Schedule III to the Companies Act, 2013 dated March 24, 2021 are not made by the Company as the amendment is applicable with effect from April 01, 2021.

26 Income taxes

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Statement of profit and loss

	As at March 31, 2021	As at March 31, 2020
Current income tax		
Current income tax charge	**656.19**	614.90
Deferred tax		
Relating to origination and reversal of temporary differences	**(55.56)**	(154.18)
Income tax expense reported in the Statement of profit and loss	**600.63**	460.72

Other Comprehensive Income

	As at March 31, 2021	As at March 31, 2020
Deferred tax related to items recognized in Other Comprehensive Income during the period		
Re-measurement of defined benefit plans	**(1.98)**	(2.88)
Income tax charged to Other Comprehensive Income	**(1.98)**	(2.88)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020

	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax	**1,376.90**	1,278.22
At India's statutory income tax rate of 25.17% (March 31, 2020: 15.17%)	**346.57**	321.73
Reconciliation items and tax impact of the same		
Effects of non-deductible business expenses	**51.59**	18.97
Deferred tax on unrealized profits of branches	**(21.98)**	(96.07)
Effect of changes in tax rates	**-**	(20.91)
Taxes paid on repatriation of branch profits	**216.19**	256.64
Others	**8.27**	(19.64)
At the effective tax rate of 43.62% (March 31, 2020: 36.04%)	**600.63**	460.72
Income tax expense reported in the Statement of profit or loss	**600.63**	460.72

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, 2021

	Foreign currency translation	Retained earnings	Total
Foreign currency translation differences	(84.52)	–	**(84.52)**
Re-measurement gains on defined benefit plans	–	5.89	**5.89**
Total	**(84.52)**	**5.89**	**(78.63)**

During the year ended March 31, 2020

	Foreign currency translation	Retained earnings	Total
Foreign currency translation differences	95.45	–	**95.45**
Re-measurement (losses) on defined benefit plans	–	8.55	**8.55**
Total	**95.45**	**8.55**	**104.00**

28 Earnings Per Share (EPS)

	March 31, 2021	March 31, 2020
Net profit attributable to the equity shareholders of the Company	**776.27**	817.51
Weighted average number of equity shares of Rs.10/- each (Nos.)	**90,00,000**	90,00,000
Basic and diluted EPS	**8.63**	9.08

29 Contingent liabilities

a) Taxes

	March 31, 2021	March 31, 2020
Disputed VAT balances / liabilities	**71.90**	71.90

There are certain laws suits, disputes etc., including commercial matters that arises from time to time in the ordinary course of business for which amounts are not quantifiable by the management. However, based on management's assessment under IndAS 37 "Provisions, Contingent Liabilities and Contingent Assets", that the claims against the Company are not tenable/ probability of final outcome against the Company is low and therefore not disclosed as Contingent liability

b) The Company has issued various guarantees for performance, advances etc. The management has considered the probability for outflow of the same to be remote and accordingly no amounts has been disclosed here.

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, 2020 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, 2021	March 31, 2020
Lease payments for the year	**76.88**	74.89
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) 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 23

	March 31, 2021	March 31, 2020
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, 2021	March 31, 2020
Within India	**6,923.66**	11,366.32
Outside India	**4,790.85**	6,585.51
Total	**11,714.51**	17,951.83

Non current assets by geographical segments *

Particulars	March 31, 2021	March 31, 2020
Within India	**3,496.61**	3,410.95
Outside India	**0.98**	1.08
Total	**3,497.59**	3,412.03

* 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, 2019	**102.65**	**146.36**	**(43.71)**
Current service cost	22.19	–	22.19
Interest expense	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)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	**124.95**	**177.86**	**(52.91)**
Current service cost	21.78	-	21.78
Interest expense / income	8.01	12.27	(4.26)
Total amount recognised in the Statement of profit and loss	**29.79**	**12.27**	**17.52**
Experience adjustments	(7.22)	-	(7.22)
Actuarial (gain)/loss from change in financial assumptions	(0.47)	-	(0.47)
Return on plan assets	-	0.18	(0.18)
Total amount recognised in Other Comprehensive Income	**(7.69)**	**0.18**	**(7.87)**
Employer contributions	(5.73)	11.75	(17.48)
Benefits paid	-	(5.73)	5.73
March 31, 2021	**141.32**	**196.33**	**(55.01)**

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	**141.32**	124.95
Fair value of plan assets	**196.33**	177.86
Surplus of funded plan	**(55.01)**	(52.91)

III Significant estimates

The significant actuarial assumptions were as follows :

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.66%	6.56%
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 (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, 2021	**March 31, 2020**
Discount rate		
1.00% increase	decrease by Rs. 8.87	decrease by Rs. 8.13
1.00% decrease	increase by Rs. 10.00	increase by Rs. 9.18
Future salary increase		
1.00% increase	increase by Rs. 9.16	increase by Rs. 8.43
1.00% decrease	decrease by Rs. 8.30	decrease by Rs. 7.63
Attrition Rate		
1.00% increase	increase by Rs. 0.38	increase by Rs. 0.50
1.00% decrease	decrease by Rs. 0.43	decrease by Rs. 0.56

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, 2021	March 31, 2020
Within next 12 months	**22.54**	22.42
Between 2-5 years	**67.98**	59.09
> 5 years	**50.44**	44.24

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2020: 8 years)

V The major categories of plan assets are as follows:

Particulars	March 31, 2021	March 31, 2020
Investments with Insurer (LIC of India)	**100.00%**	100.00%

33 Related party disclosures

A Holding Company and Ultimate Holding Companies

	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2021	March 31, 2020	
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 - Relative of Chairperson 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 Fellow Subsidiaries

	Name of the entity	Place of business/ Country of incorporation
1	Thermax Babcock and Wilcox Energy Solutions Private Limited	India

E 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. Rajendran Arunachalam - Director (w.e.f. July 26, 2019)
7. Mr. B. C. Mahesh - Director
8. Mr. Ravinder Advani - Director
9. Mr. Amitabha Mukhopadhyay - Director (Till May 31, 2019)

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sales of services	**3,182.16**	5,976.21	**–**	–	**–**	–	**3,182.16**	5,976.21
Rent income	**62.50**	62.50	**–**	–	**–**	–	**62.50**	62.50
Recovery of expenses	**98.72**	21.51	**–**	–	**–**	–	**98.72**	21.51
Purchase of project bought-out and components	**6.78**	50.80	**55.79**	–	**–**	–	**62.56**	50.80
Reimbursement of expenses	**385.37**	523.64	**–**	–	**–**	–	**385.37**	523.64
Remuneration to key management personnel*	**43.34**	43.93	**–**	–	**10.60**	10.60	**53.94**	54.53
Donation	**–**	–	**31.36**	37.67	**–**	–	**31.36**	37.67
Commission paid on corporate guarantee received	**2.69**	9.01	**–**	–	**–**	–	**2.69**	9.01
Dividend Expenses	**1,080.00**	–	**–**	–	**–**	–	**1,080.00**	–
Rent paid	**60.50**	60.50	**–**	–	**–**	–	**60.50**	60.50

* Components of Remuneration to key management personnel including sitting fees to Independent Director

	Personnel	March 31, 2021	March 31, 2020
(a)	**Salary/ Retainership fees reimbursed to Thermax Limited**		
	Mr. Harish Tikotkar	22.91	22.83
	Mr. Sudhir Lale	20.43	21.09
(b)	**Director sitting fees paid to independent directors**		
	Mr. Ajay Joshi	5.30	5.30
	Mr. Ashok Joshi	5.30	5.30

This does not include provision made for gratuity and leave encashment since the same is calculated for all employees of the Company as a whole.

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, 2021, 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Trade receivables	3,348.02	2,814.96	–	37.78	**3,348.02**	**2,852.74**
Trade payables	132.83	65.84	89.99	35.36	**222.82**	**101.20**
Customer advances	1,531.09	464.97	–	–	**1,531.09**	**464.97**
Guarantee/ letter of comfort received	7,681.47	6,396.89	–	–	**7,681.47**	**6,396.89**

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, 2021	As at March 31, 2020
Trade receivables	**4,021.63**	4,700.88
Cash and cash equivalents	**1,726.81**	2,200.62
Bank balances other than cash and cash equivalents	**700.61**	161.03
Loans	**21.72**	18.76
Other financial assets	**1,866.01**	826.74
Total	**8,336.78**	7,908.03
Current assets	**7,773.55**	7,335.57
Non-current assets	**563.23**	572.46
Total	**8,336.78**	7,908.03

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

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

	As at March 31, 2021	As at March 31, 2020
Investments	-	200.56
Total	-	200.56
Current assets	-	200.56
Non-current assets	-	-
Total	-	200.56

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

Break up of financial liabilities carried at amortised cost

	As at March 31, 2021	As at March 31, 2020
Trade payable	**5,037.71**	4,769.87
Other liabilities	**188.90**	200.97
Total	**5,226.61**	4,970.84
Current liabilities	**4,593.43**	4,449.84
Non current liabilities	**633.18**	521.00
Total	**5,226.61**	4,970.84

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, 2021

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	March 31, 2021	–	–	–

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	–

There has been no transfer between level 1 and 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, 2021 and March 31, 2020.

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 does not have any borrowings 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, 2021	March 31, 2020
Decrease in US$ rate by 5%	**(69.54)**	(111.13)
Increase in US$ rate by 5%	**69.54**	111.13

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 maintained 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, 2021			
Trade payables	4,404.53	633.18	5,037.71
Other financial liabilities :			
Employee related payables	134.11	-	134.11
Customer Deposits	54.71	-	54.71
Payable for tangible assets	0.03	-	0.03
	4,593.38	**633.18**	**5,226.56**
As at March 31, 2020			
Trade payables	4,248.87	521.00	4,769.87
Other financial liabilities :			
Employee related payables	144.23	-	144.23
Customer Deposits	56.54	-	56.54
Payable for tangible assets	0.20	-	0.20
	4,449.84	**521.00**	**4,970.84**

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, 2021 and March 31, 2020. Capital represents equity attributable to Parent Company and is measured at Rs 3,967.46 (March 31, 2020: Rs. 4349.82).

Particulars	March 31, 2021	March 31, 2020
Trade payables	**5,037.71**	4,769.87
Less: Cash and cash equivalents (includes deposits with original maturity of more than 3 months but less than 12 months)	**(2,427.42)**	(2,361.65)
Net debt	**2,610.29**	2,408.22
Equity	**3,967.46**	4,349.82
Capital and net debt	**6,577.75**	6,758.04

37 The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of the same.

38 Social Security code:

The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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: May 06, 2021

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: May 06, 2021

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)
Khushboo Bhatia (Chief Executive Officer)

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 Eleventh Annual Report of the company for the year ended March 31, 2021.

FINANCIAL RESULTS

(Rs. lakh)

Particulars	2020-21	2019-20
Total income	**12,744.16**	12,884.40
Profit before depreciation and interest	**1,746.33**	1,544.61
Depreciation	**49.41**	33.64
Interest	**179.07**	88.46
Profit before tax	**1,517.85**	1,422.51
Provision for taxation (incl. deferred tax)	**399.51**	157.53
Profit after tax	**1,118.34**	1,264.98

STATE OF COMPANY'S AFFAIRS

During the year, the company earned a total income of Rs 12,744.16 lakh (previous year Rs. 12,884.40 lakh). Profit before tax stood at Rs 1,517.85 lakh (previous year Rs. 1,422.51 lakh) and profit after tax was Rs. 1,118.34 lakh (previous year Rs. 1264.98 lakh).

During the Financial Year 2020-21, the company commissioned 2 plants including a repeat order for steam supply at a Specialty Chemicals plant in Maharashtra and another order for steam supply at a leading global tyre manufacturing company in Maharashtra.

The company won major large orders for utility supply in the year which includes (a) steam and heat supply to a leading Indian Textile Company for their plant in Tamil Nadu, (b) a repeat order from an Agro Chemicals company in Gujarat for Multiutility supplies (c) steam supply for co-gen application to a leading Chemical manufacturing company in Karnataka and (d) wastewater recycle plants (ZLD) for a leading Steel company in Uttar Pradesh.

The repeat orders reflects the confidence posed by the customers in the company. The company also won its first international order for steam supply from a global MNC in South East Asia. The orders won by the company for the fiscal year 2020-21 were distinctive in terms of application, capacity and value.

The company, in line with its globalization strategy initiated concentrated efforts in offering outsourced utilities in the international market with South East Asia being the focus region. 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 wastewater treatment and recycling solutions. With a breakthrough in water treatment solutions, the company will forge ahead to grow its business by providing innovative and sustainable outsourced solutions in water space.

HEALTH AND SAFETY

The company has ensured focused and continuous improvement on its Safety and Health standards during the year. An ISO 45001 OHSAS certified company for its energy services operations, has during the financial year 2020-21 certified itself for ISO 14001 EMS. The company has also successfully completed 1st surveillance DNV-GL audit for both ISO certifications with no non-conformances.

The company has recorded an accident free year with 0.8 million safe man hours worked and achieved Zero LTIFR during the year. The company tracks various safety indices like LTIFR, LTI free days and Million Safe man hours worked along with metrics like number of Safety audits, Safety training man-days etc. for achieving desired safety goals.

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.

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. 5,288 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. The company issued 3,36,30,000 shares on rights basis to Thermax Limited.

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. Mr. Sriram Vishwanathan, Chief Executive Officer and KMP resigned with effect from May 17, 2020 and Ms. Khushboo Bhatia was appointed as Chief Executive Officer and KMP with effect from July 30, 2020.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Rajendran Arunachalam, Director (DIN: 08446343) retires by rotation and being eligible, offers himself for re-appointment.

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 and have also confirmed that their names have been added in the data bank maintained by the Indian Institute of Corporate Affairs for independent directors, in accordance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, every individual whose name is so included in the data bank shall pass an online proficiency self-assessment test. However, an individual who has fulfilled the criteria prescribed in Rule 6(4) of the said Rules, is exempted from passing the online proficiency self-assessment test. In view of the same, Mr. Sanjay Parande, having met the aforesaid criteria, was exempted from the proficiency self-assessment test and Dr. Sundar Parthasarathy passed the self-assessment test. The Board at its meeting held on May 4, 2021 has reviewed the submissions received from all the independent Directors and has confirmed that the independent Directors fulfill the criteria laid down by requisite regulations and are independent from the management. Further, based on these disclosures and confirmations, the Board is of the opinion that the Directors of the Company are eminent persons with integrity and have necessary expertise and experience to continue to discharge their responsibilities as Directors of the Company.

BOARD MEETINGS

The Board met four times on June 8, 2020, July 30, 2020, October 28, 2020 and January 29, 2021 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 June 8, 2020, July 30, 2020, October 28, 2020 and January 29, 2021. 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, 2020 and January 29, 2021, 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, 2021, 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.

Pursuant to the Companies Amendment Act, 2020 and notification dated January 22, 2021, where the amount spent by a company on CSR does not exceed fifty lakh rupees the requirement for constitution of the CSR Committee should not be applicable. Therefore, the Board of Directors at its meeting held on May 4, 2021 decided to dissolve the CSR Committee, since the CSR contribution made by the Company for the FY 2020-21 did not exceed Rs. 50 lakh.

BOARD EVALUATION

Annual evaluation of the Board was conducted during the year.

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.

CONSERVATION OF ENERGY

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

TECHNOLOGICAL ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(Rs. in lakh)
Foreign exchange earnings	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 or 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, May 4, 2021	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

CSR Report for the Financial Year 2020-21

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

Thermax Onsite Energy Solutions Limited is a wholly owned subsidiary of Thermax Limited, an engineering company operating in the critical areas of energy & environment, is committed to contribute to the welfare of the community in which it is situated. Being a wholly owned subsidiary of Thermax Limited, it has been decided that the CSR policy of the company will be aligned with the CSR policy of Thermax Limited and the CSR activities of the company shall be conducted through Thermax Foundation (TF).

2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rajendran Arunachalam	Director	1	1
2	Sundar Parthasarathy	Independent Director	1	1
3	Sanjay Parande	Independent Director	1	1

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

NA

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1		NA	
2			
3			
	TOTAL	NA	

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5): Rs. 14.56 Crore

7. (a) Two percent of average net profit of the company as per section 135(5): **Rs. 29.12 Lakhs**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NA**

(c) Amount required to be set off for the financial year, if any: **NA**

(d) Total CSR obligation for the financial year (7a+7b- 7c). : **Rs. 29.12 Lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 29.12 Lakhs	NIL	-	-	NIL	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)		Location of the project	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation – Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
			State	District							Name	CSR Registration number
1.	------ NIL --------											
2.												
3.												
	TOTAL											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1.	Covid Relief Expenditure	COVID-19 Relief	Yes	Maharashtra	Pune	29,12,000	No	Thermax Foundation	CSR00009825
	TOTAL					**29,12,000**			

(d) Amount spent in Administrative Overheads : NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year : (8b+8c+8d+8e): Rs. 29,12,000

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	29,12,000
(ii)	Total amount spent for the Financial Year	29,12,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	–
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	–

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.	------ NIL --------						
2.							
3							
	TOTAL						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project – Completed / Ongoing
1.	------ NIL --------							
2.								
3								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): N.A.

(a) Date of creation or acquisition of the capital asset(s) : **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset : **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : NA

Khushboo Bhatia
(CEO)

Rajendran Arunachalam
(Chairperson CSR Committee)

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Thermax Onsite Energy Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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 standalone 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 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, 2021, 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 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 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 standalone 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 financial statements.

Emphasis of Matter

We draw attention to Note 36 of the accompanying standalone 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 inventory, lease receivables and accounts receivables as at March 31, 2021 and the operations of the Company.

Our opinion is not modified in respect of this matter.

Information Other than the Standalone 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 standalone financial statements and our auditor's report thereon.

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 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 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 standalone 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 standalone 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 financial statements, including the disclosures, and whether the standalone 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 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 not 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 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, 2021 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; 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 **Vaibhav Kumar Gupta**
Partner
Membership Number: 213935
UDIN: 21213935AAAACQ6049

Place of Signature: Pune
Date: May 04, 2021

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 have not been physically verified by the management during the year but there is a regular programme of physical verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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 professional tax, goods and service tax and tax collected at source.

(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 not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company had 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 standalone 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 standalone 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: 21213935AAAACQ6049

Place of Signature: Pune
Date: May 04, 2021

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 with reference to standalone financial statements of Thermax Onsite Energy Solutions Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 with reference to these standalone 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 standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to these standalone financial statements

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

Inherent Limitations of Internal Financial Controls with reference to these standalone financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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: 21213935AAAACQ6049

Place of Signature: Pune
Date: May 04, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
Property, plant and equipment	4 (a)	**153.52**	126.29
Intangible assets	4 (b)	**11.93**	3.56
Financial assets:			
(a) Lease receivable	8 (a)	**6,101.53**	5,888.91
(b) Other financial assets	8 (b)	**–**	101.00
Total non-current assets		**6,266.98**	6,119.76
II. Current assets			
Inventories	11	**3,059.09**	1,566.86
Financial assets:			
(a) Investments	5	**–**	202.41
(b) Trade receivables	6	**1,185.10**	1,179.58
(c) Cash and bank balances	12 (a)	**3,269.49**	393.81
(d) Loans and advances	7	**0.21**	0.01
(e) Lease receivable	8 (a)	**1,142.28**	929.49
(f) Other financial assets	8 (b)	**195.55**	21.11
Income tax asset (net)		**42.68**	54.09
Other current assets	10	**1,773.51**	675.29
Total current assets		**10,667.91**	5,022.65
Total assets		**16,934.89**	11,142.41
EQUITY AND LIABILITIES			
III. Equity			
Equity share capital	13	**4,228.00**	1,865.00
Other equity	14 (a)	**5,311.94**	4,197.20
Total equity		**9,539.94**	6,062.20
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	15	**855.75**	1,147.50
(b) Other financial liabilities	17	**1,098.89**	707.57
Deferred tax liabilities (net)	9	**147.06**	209.17
Other non-current liabilities	19	**1,855.94**	1,402.03
Total non-current liabilities		**3,957.64**	3,466.27
V. Current liabilities			
Financial liabilities			
(a) Trade payables	16		
i. total outstanding dues of micro enterprises and small enterprises		**146.69**	31.42
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		**2,187.17**	934.70
(b) Other financial liabilities	17	**436.27**	215.05
Other current liabilities	19	**505.30**	325.39
Provisions	18	**102.15**	61.65
Liabilities for current tax (net)		**59.73**	45.73
Total current liabilities		**3,437.31**	1,613.94
Total equity and liabilities		**16,934.89**	11,142.41

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 year ended March 31, 2021

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

Particulars	Note	March 31, 2021	March 31, 2020
INCOME			
Revenue from operations	20	**12,694.22**	12,798.56
Other income	21	**49.94**	85.84
Total Income (I)		**12,744.16**	12,884.40
EXPENSES			
Cost of raw materials and components consumed	22 (a)	**10,242.77**	9,464.01
Increase in inventories of work-in-progress	22 (b)	**(1,532.69)**	(207.86)
Employee benefits expense	23	**666.79**	555.74
Finance cost	24	**179.07**	88.46
Depreciation and amortisation expense	25	**49.41**	33.64
Other Expenses	26 (a)	**1,620.96**	1,527.90
Total expenses (II)		**11,226.31**	11,461.89
Profit before tax (III) = (I-II)		**1,517.85**	1,422.51
Tax expense			
Current tax	9	**460.41**	332.30
Deferred tax (net)	9	**(60.90)**	(174.77)
Total tax expense (IV)		**399.51**	157.53
Profit for the year (V) = (III-IV)		**1,118.34**	1,264.98
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	29	**(4.81)**	(4.60)
Less: Income tax effect	9	**1.21**	1.16
Net other comprehensive income for the year (net of tax)		**(3.60)**	(3.44)
Total comprehensive income for the year		**1,114.74**	1,261.54
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2020: Rs. 10/-)]	27	**5.41**	6.78

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Gunjan Chandratre
Company Secretary

Place: Pune
Date: May 04, 2021

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

Khushboo Bhatia
Chief Executive Officer

Ajit Sharma
Chief Financial Officer

Place: Pune
Date: May 04, 2021

Cash flow statement for the year ended March 31, 2021

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

Particulars	Note	March 31, 2021	March 31, 2020
A) Cash flows from operating activities			
Profit before tax		**1,517.85**	1,422.51
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	25	**49.41**	33.64
Interest expenses	24	**103.17**	36.74
Unwinding of discount	24	**75.90**	51.72
Bad debts written off	26 (a)	**0.05**	14.51
Loss on sale/discard of assets (net)		–	15.23
Amortisation of prepaid lease rental	20 (a)	**(126.49)**	(67.62)
Interest income	21	**(32.53)**	(2.55)
Fair value gain on financial instrument at fair value through profit & loss (net)	21	**(0.89)**	(49.53)
Liabilities no longer required written back	21	**(4.74)**	(22.90)
Working capital adjustments			
(Increase)/Decrease in trade receivables		**(5.57)**	(385.51)
(Increase)/Decrease in inventories		**(1,492.23)**	(223.27)
(Increase)/Decrease in other assets		**(1,098.22)**	(318.85)
(Increase)/Decrease in other financial assets		**19.83**	(19.81)
Increase/(Decrease) in trade payables		**1,372.48**	105.80
Increase/(Decrease) in other liabilities		**760.31**	329.85
Increase/(Decrease) in provisions		**35.69**	17.11
Increase/(Decrease) in other financial liabilities		**299.22**	134.34
Cash generated from operations		**1,473.24**	1,071.41
Direct taxes paid (net of refunds received)		**(435.00)**	(416.41)
Net cash flows from operating activities		**1,038.24**	655.00
B) Cash flows from/(used in) investing activities			
Purchase of Property, plant and equipment (net)		**(85.01)**	(111.08)
Net movement in finance lease receivables		**(425.41)**	(1,518.55)
Sale/(purchase) of other investments (net)		**203.30**	1,609.99
Interest received		**33.61**	1.47
Proceeds from fixed deposits/(investment) in fixed deposits		**(94.55)**	(101.00)
Net cash flows (used in) investing activities		**(368.06)**	(119.17)
C) Cash flows from/(used in) financing activities			
Proceeds from issue of share capital		**2,363.00**	–
Proceeds from borrowings		–	1,212.00
Repayment of borrowings		**(52.53)**	(279.97)
Interest paid		**(104.97)**	(28.35)
Dividend paid and tax thereon		–	(1,124.18)
Net cash flows from/(used in) financing activities		**2,205.50**	(220.50)
Net increase in cash and bank balances		**2,875.68**	315.33
Cash and bank balances at the beginning of the year		**393.81**	78.48
Cash and bank balances at the end of the year		**3,269.49**	**393.81**

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

	Note	March 31, 2021	March 31, 2020
Cash and bank balances	12 (a)	**3,269.49**	393.81
Balances as per statement of cash flows		**3,269.49**	393.81

Statement of changes in Equity for the year ended March 31, 2021

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

A EQUITY SHARE CAPITAL

Particulars	Notes	March 31, 2021	March 31, 2020
Balance at the beginning of the reporting year	13	**1,865.00**	1,865.00
Changes in equity shares capital during the year	13	**2,363.00**	-
Balance at the end of the reporting year	13	**4,228.00**	1,865.00

B OTHER EQUITY

Particulars	Reserves & Surplus: Retained Earnings	Total
As at April 1, 2019	**4,059.84**	4,059.84
Profit for the year	**1,264.98**	1,264.98
Other Comprehensive Income (net)	**(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
Profit for the year	**1,118.34**	1,118.34
Other Comprehensive Income	**(3.60)**	(3.60)
Total comprehensive income	**1,114.74**	1,114.74
As at March 31, 2021	**5,311.94**	5,311.94

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: May 04, 2021

Gunjan Chandratre
Company Secretary

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

Khushboo Bhatia
Chief Executive Officer

Ajit Sharma
Chief Financial Officer

Place: Pune
Date: May 04, 2021

Notes to financial statements for the year ended March 31, 2021

(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/Transfer (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 May 04, 2021.

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

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 01, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 01, 2019. This amendment had no impact on the financial statements of the Company.

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.

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the benefits that are expected to be passed on. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

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.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The company's refund liabilities arise from customers' right of return and volume rebates. The company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

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

Notes to financial statements for the year ended March 31, 2021

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

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

Notes to financial statements for the year ended March 31, 2021

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

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.

(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.

v. Impact of 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 and inventories. 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.

4 (A) PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and equipment*	Office equipment	Computer	Vehicles	Total
Gross carrying amount as at April 1, 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**
Additions	64.54	4.32	6.15	–	**75.01**
Disposals	–	–	–	–	**–**
Gross carrying amount as at March 31, 2021	**261.24**	**16.84**	**46.49**	**21.31**	**345.88**
Accumulated depreciation as at April 1, 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)**
Accumulated depreciation as at March 31, 2020	**112.75**	**0.82**	**25.80**	**5.21**	**144.58**
Charge for the year	35.71	0.91	7.96	3.20	**47.78**
Disposals	–	–	–	–	**–**
Closing accumulated depreciation as at March 31, 2021	**148.46**	**1.73**	**33.76**	**8.41**	**192.36**
Net Block as at March 31, 2021	**112.78**	**15.11**	**12.73**	**12.90**	**153.52**
Net Block as at March 31, 2020	**83.95**	**11.70**	**14.54**	**16.10**	**126.29**

*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, 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**
Additions	10.00	**10.00**
Disposals	–	**–**
Gross carrying amount as on March 31, 2021	**14.70**	**14.70**
Accumulated amortisation as at April 1, 2019	**0.82**	**0.82**
Charge for the year	0.90	**0.90**
Disposals	(0.58)	**(0.58)**
Accumulated amortisation as at March 31, 2020	**1.14**	**1.14**
Charge for the year	1.63	**1.63**
Disposals	–	**–**
Closing accumulated amortisation as at March 31, 2021	**2.77**	**2.77**
Net Block as at March 31, 2021	**11.93**	**11.93**
Net Block as at March 31, 2020	**3.56**	**3.56**

Notes to financial statements for the year ended March 31, 2021

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

5 INVESTMENTS

Particulars	Face value per unit	Number of units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
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	–	160.45
ICICI pru liquid fund - direct - growth	Rs. 100	–	10,542	–	30.97
Aditya birla sunlife liquid fund - direct - growth	Rs. 100	–	1,749	–	5.59
HDFC liquid fund - direct - growth	Rs. 1,000	–	138	–	5.40
Total current investments				–	**202.41**
Aggregate amount of quoted investments and market value thereof				–	–
Aggregate amount of unquoted investments				–	202.41
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 (b) for determination of their fair values.

6 TRADE RECEIVABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 30)	–	–
ii) Others	**1,185.10**	1,179.58
Total	**1,185.10**	1,179.58
Sub-classification of trade receivables		
Secured, considered good	–	–
Unsecured, considered good	**1,185.10**	1,179.58
Trade receivables which have a significant increase in credit risk	–	–
Trade receivables - credit impaired	–	–
	1,185.10	1,179.58
Less: Impairment allowance	–	–
Total	**1,185.10**	1,179.58

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, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	**0.21**	0.01
Total	**0.21**	0.01

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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good				
At amortized cost				
Finance lease receivables*	**6,101.53**	5,888.91	**1,142.28**	929.49
Total	**6,101.53**	5,888.91	**1,142.28**	929.49

*Lease receivables amounting to Rs. 1,525.31 (March 31, 2020 Rs. 559.76) have been hypothecated against borrowings. Refer note 15.

8 (B) OTHER FINANCIAL ASSETS

Particulars	Non -current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good				
At amortized cost				
Bank deposits with maturity of less than 12 months	–	–	**195.55**	–
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**	**195.55**	**21.11**

#Others includes amounts recoverable from vendors.

9 INCOME TAXES

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Statement of profit and loss

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax	**460.41**	332.30
Deferred tax (income) / expense (Relating to obligations and reversal of temporary differences)	**(60.90)**	(174.77)
Income tax expense reported in the statement of profit and loss	**399.51**	157.53

Other comprehensive income

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on remeasurements of defined benefit plans	**(1.21)**	(1.16)
Deferred tax credited in other comprehensive income	**(1.21)**	(1.16)

Notes to financial statements for the year ended March 31, 2021

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

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020

Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax	**1,517.85**	1,422.51
At India's statutory income tax rate of 25.17% (March 31, 2020: 25.17%)	**382.04**	358.05
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.)	**17.47**	(14.14)
Effective tax	**399.51**	157.53
Income tax expense reported in the statement of profit or loss	**399.51**	157.53

*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

Deferred tax relates to the following :

Particulars	As at March 31, 2021	As at March 31, 2020
Consequence of differences in tax base of assets and finance lease receivables	**34.21**	268.62
On unearned revenue*	**47.54**	(90.32)
Others (impact on account of temporary differences)	**(20.85)**	(3.53)
Deferred tax income	**60.90**	174.77

Deferred tax

Balance sheet

Deferred tax relates to the following :

Particulars	As at March 31, 2021	As at March 31, 2020
Consequence of differences in tax base of assets and finance lease receivables	**(434.63)**	(468.84)
On unearned revenue*	**305.37**	257.83
Others (impact on account of temporary differences)	**(17.80)**	1.84
Net deferred tax liabilities	**(147.06)**	(209.17)

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

Reconciliation of deferred tax liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	**209.17**	385.10
Tax expense/(income) during the period recognised in profit or loss	**(60.90)**	(174.77)
Tax expense/(income) during the period recognised in OCI	**(1.21)**	(1.16)
Closing balance	**147.06**	209.17

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 previous year, 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 CURRENT ASSETS

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Balances with government authorities	**594.98**	376.90
Advances to suppliers	**463.04**	41.76
Advances to staff and workers	**3.03**	2.35
Advance to group companies (note 30)	**659.33**	249.83
Prepaid expenses	**5.92**	4.45
Other amount recoverable	**39.38**	–
Others*	**7.83**	–
Total	**1,773.51**	675.29

* 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.

11 INVENTORIES

(valued at lower of cost and net realizable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	**133.16**	173.62
Work in progress*^	**2,925.93**	1,393.24
Total	**3,059.09**	1,566.86

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

^Inventory amounting to Rs. Nil (March 31, 2020 Rs. 891.19) has been hypothecated against borrowings. Refer note 15.

12 (A) CASH AND BANK BALANCES

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
– on current accounts	**2,869.04**	393.81
– in deposits with original maturity of less than three months	**400.45**	–
Total	**3,269.49**	393.81

Short-term deposits are made for varying periods of between one dayand three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

12 (B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	Borrowings
As on April 1, 2019	280.12
Cash flow	903.68
Others (Including interest paid)	36.74
As on March 31, 2020	**1,220.54**
Cash flow	**(157.50)**
Others (Including interest paid)	**103.17**
As on March 31, 2021	**1,166.21**

Notes to financial statements for the year ended March 31, 2021

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

13 SHARE CAPITAL

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
70,000,000 (March 31, 2020: 20,000,000) equity shares of Rs. 10/- each.	**7,000.00**	2,000.00
	7,000.00	2,000.00
Issued, subscribed and fully paid share capital (Nos)		
42,280,000 (March 31, 2020: 18,650,000) equity shares of Rs. 10/- each.	**4,228.00**	1,865.00
Total issued, subscribed and fully paid-up share capital	**4,228.00**	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, 2019	**18,650,000.00**	**1,865.00**
Changes during the year	–	–
As at March 31, 2020	**18,650,000.00**	**1,865.00**
Changes during the year	**23,630,000.00**	**2,363.00**
As at March 31, 2021	**42,280,000.00**	**4,228.00**

During the year ended March 31, 2021, the Company allotted 23,630,000 fully paid ordinary shares of face value of Rs. 10 each for cash at a price of Rs. 10 per fully paid share to Thermax Limited aggregating to Rs. 2,363.00 pursuant to the Rights Issue.

(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, 2021	As at March 31, 2020
Thermax Limited		
42,280,000 (March 31, 2020: 18,650,000) equity shares of Rs. 10/- each fully paid up	**4,228.00**	**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, 2021	As at March 31, 2020
Thermax Limited		
%	**1.00**	1.00
No. of shares	**42,280,000.00**	18,650,000.00

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

14 (A) OTHER EQUITY

Particulars	As at March 31, 2021	As at March 31, 2020
Reserves and Surplus		
Retained earnings		
Opening balance	**4,197.20**	4,059.84
Add: Profit for the year	**1,118.34**	1,264.98
Less: Dividend paid	–	(932.50)
Less: Tax on dividend	–	(191.68)
Movement during the year	**1,118.34**	140.80
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements of post-employment benefit obligations, net of tax Rs. 1.21 (March 31, 2020 : Rs. 1.16)	**(3.60)**	(3.44)
Net surplus in the statement of profit and loss	**5,311.94**	4,197.20
Total	**5,311.94**	4,197.20

14 (B) DISTRIBUTION MADE AND PROPOSED

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividend on equity shares declared and paid:		
Final dividend for the year 2020-21: Rs. Nil per share (2019-20: Rs. 5 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 2020-21: Rs. Nil per share (2019-20: Rs. Nil per share)	–	–
Dividend Distribution Tax on the above	–	–
	–	–

15 BORROWINGS

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Secured		
Loan from banks (refer note a below)	**1,166.21**	1,220.54
Less : Current maturities of long term borrowings (included in note 17)	**(310.46)**	(73.04)
Total	**855.75**	1,147.50

a. 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 installments 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.

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

16 TRADE PAYABLES

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	**146.69**	31.42
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (refer note 30)	**1,089.06**	366.64
(ii) Others	**1,098.11**	568.06
Total	**2,333.86**	966.12

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, 2021	March 31, 2020
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	**139.65**	28.56
– Interest due thereon	**1.20**	0.50
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	**533.00**	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	**3.42**	1.92
The amount of interest accrued and remaining unpaid at the end of each accounting year	**4.62**	2.42
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	**7.04**	2.86

17 OTHER FINANCIAL LIABILITIES

Particulars	Non -current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Trade deposits *	**1,098.89**	707.57	**–**	–
Current maturities of long-term borrowings (note 15)	**–**	–	**310.46**	73.04
Employee related payables	**–**	–	**125.81**	142.01
Total	**1,098.89**	707.57	**436.27**	215.05

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

18 PROVISIONS

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 29)	**–**	17.14
Provision for leave encashment	**39.83**	44.51
	39.83	61.65
Other provisions		
Refund liabilities *	**62.32**	–
	62.32	–
Total	**102.15**	61.65

19 OTHER LIABILITIES

Particulars	Non -current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Advance lease rentals	**933.88**	577.36	**132.84**	82.99
Unearned revenue*	**922.06**	824.67	**291.17**	199.70
Statutory dues and other liabilities**	**–**	–	**81.29**	42.70
Total	**1,855.94**	1,402.03	**505.30**	325.39

* 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, 2021	March 31, 2020
Revenue from operations		
Sale of products	**10,331.77**	9,126.84
Sale of leased assets *	**1,347.68**	2,776.46
Finance income on leased assets	**885.21**	827.32
	12,564.66	12,730.62
Other operating revenue		
Sale of scrap	**3.07**	0.32
Amortisation of prepaid lease rental	**126.49**	67.62
	129.56	67.94
Revenue from operations (net)	**12,694.22**	12,798.56

* 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, 2021	March 31, 2020
Over a period of time basis	**116.51**	169.63
At a point-in-time basis	**11,562.94**	11,733.67
Total revenue from contracts with customers	**11,679.45**	11,903.30
Revenue by geographical market:		
Within India	**11,679.45**	11,903.30
Outside India	**–**	–
Total revenue from contracts with customers	**11,679.45**	11,903.30

ii) Contract balances:

Notes to financial statements for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Trade receivables (note 6)	**1,185.10**	1,179.58
Non current unearned revenue (Contract liability) (note 19)	**922.06**	824.67
Current unearned revenue (Contract liability) (note 19)	**291.17**	199.70
Refund Liability (note 18)	**62.32**	–

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, 2021	March 31, 2020
Unearned revenue (Contract liability) (note 26(a))	**116.51**	169.63

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, 2021	March 31, 2020
Opening unearned revenue (refer note 19)	**1,024.37**	996.43
– Increase in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	**305.37**	197.57
– Decrease in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements.	**(116.51)**	(169.63)
Closing unearned revenue (refer note 19)	**1,213.23**	1,024.37

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, 2021	March 31, 2020
Amount of revenue yet to be recognised for performance obligations remaining to be completed*	**17,412.72**	11,000.00

*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 for revenue contracts. 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

Particulars	March 31, 2021	March 31, 2020
Interest income from financial assets at amortised cost		
Bank deposits	**29.02**	2.53
Others	**3.51**	0.02
Liabilities no longer required written back	**4.74**	22.90
Fair value gain on financial instrument at fair value through profit and loss (net)	**0.89**	49.53
Miscellaneous income*	**11.78**	10.86
Total	**49.94**	85.84

* 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, 2021	March 31, 2020
Inventories at the beginning of the year	**173.62**	158.21
Add: Purchases *	**10,202.31**	9,479.42
	10,375.93	9,637.63
Inventories at the end of the year	**133.16**	173.62
Total	**10,242.77**	9,464.01

* 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 in inventories of work-in-progress

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year	**1,393.24**	1,185.38
Less: inventories at the end of the year	**2,925.93**	1,393.24
Total	**(1,532.69)**	(207.86)

23 EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2021	March 31, 2020
Salaries,wages and bonus	**616.31**	501.61
Contribution to provident and other funds	**33.37**	34.67
Gratuity expense (refer note 29)	**9.49**	6.57
Staff welfare expenses	**7.62**	12.89
Total	**666.79**	555.74

24 FINANCE COST

Particulars	March 31, 2021	March 31, 2020
Interest expense	**103.17**	36.74
Unwinding of discount	**75.90**	51.72
Total	**179.07**	88.46

25 DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment (note 4a) *	**47.78**	32.74
Amortization of intangible assets (note 4b)	**1.63**	0.90
Total	**49.41**	33.64

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

26 (a) Other expenses

Particulars	March 31, 2021	March 31, 2020
Consumption of stores and spares	**125.24**	85.33
Site expenses and contract labour charges	**1,071.59**	1,037.80
Rent	**–**	3.78
Rates and taxes	**0.08**	1.00
Insurance	**28.82**	24.16
Repairs and maintenance		
Plant and machinery	**–**	0.78
Leased assets	**116.51**	169.63
Others	**7.81**	1.24
Traveling and conveyance	**13.32**	63.23
Legal and professional fees (includes payment to Auditor (refer note (b))	**118.10**	46.23
Bad debts/advances written off	**0.05**	14.51
CSR expenditure (refer note (c))	**29.12**	27.67
Corporate cost allocation (refer note 30)	**53.81**	–
Miscellaneous expenses	**56.51**	52.54
Total	**1,620.96**	1,527.90

(b) Payment to auditors

Particulars	March 31, 2021	March 31, 2020
As auditor:		
Audit fees	**12.00**	9.00
Reimbursement of expenses	**0.23**	0.29
Total	**12.23**	9.29

(c) Corporate Social Responsibility (CSR)

Particulars	March 31, 2021	March 31, 2020
Gross amount required to be spent by the Company during the year	**29.12**	27.67
Total	**29.12**	27.67

Amount spent during the year

Particulars	In cash	To be spent	Total
During the year ended March 31, 2021			
a. Construction/acquisition of any asset	**–**	**–**	**–**
b. On purposes other than (a) above *	**29.12**	**–**	**29.12**
Total	**29.12**	**–**	**29.12**
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

* The amount actual spent is Rs. 29.12 (March 31,2020: Rs. 27.67) which has been contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India).

Note - The disclosures pertaining to Corporate Social Responsibility (CSR) activities applicable as per the amendment to Schedule III to the Companies Act, 2013 dated March 24, 2021 are not made by the Company as the amendment is applicable with effect from April 01, 2021.

27 EARNINGS PER SHARE

Particulars	March 31, 2021	March 31, 2020
Net profit after tax attributable to the equity shareholders	**1,118.34**	1,264.98
Weighted average number of equity shares of Rs.10/- each	**20,656,932**	18,650,000
Basic and diluted EPS	**5.41**	6.78

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. 6,509.29 (March 31, 2020 Rs. 2,078.66).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 8.30 (March 31, 2020 Rs. 37.67).

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, 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**
Current service cost	9.37	–	9.37
Interest expense/(income)	**3.14**	**(3.31)**	**(0.17)**
Mortality charges	–	0.29	0.29
Total amount recognised in the statement of profit or loss	**12.51**	**(3.02)**	**9.49**
Experience (gain)/loss	–	–	–
(Gain)/loss from change in financial assumptions	**4.11**	**–**	**4.11**
Return on plan assets expense/(income)	–	0.70	0.70
Total amount recognised in Other Comprehensive Income	**4.11**	**0.70**	**4.81**
Employer contributions	**–**	**(39.26)**	**(39.26)**
Benefits paid	–	–	–
March 31, 2021	**82.40**	**(90.22)**	**(7.83)**

II The net (asset)/liability disclosed above relates to funded plans are as follows :

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	**82.40**	65.78
Fair value of plan assets	**(90.22)**	(48.64)
Net (asset)/liability	**(7.83)**	17.14

Notes to financial statements for the year ended March 31, 2021

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

III Significant assumptions

Particulars	March 31, 2021	March 31, 2020
Discount rate	**6.80%**	6.80%
Salary growth rate	**7.00%**	7.00%
Expected return on plan assets	**6.8% 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 (2012-14) 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, 2021	March 31, 2020
Discount rate		
1.00% increase	**Decrease by 3.85**	Decrease by 3.46
1.00% decrease	**Increase by 4.52**	Increase by 4.01
Future salary increase		
1.00% increase	**Increase by 4.02**	Increase by 3.32
1.00% decrease	**Decrease by 3.50**	Decrease by 2.90
Attrition Rate		
1.00% increase	**Decrease by 0.06**	Increase by 0.06
1.00% decrease	**Increase by 0.07**	Decrease by 0.05

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, 2021	March 31, 2020
Within next 12 months	**1.80**	33.47
Between 2-5 years	**12.32**	10.20
Between 5-10 years	**55.15**	50.64

The average duration of the defined benefit plan obligation at the end of the reporting period is 16.30 years (March 31, 2020: 13.44 years).

V The major categories of plan assets are as follows:

Particulars	March 31, 2021	March 31, 2020
Investments with Insurer (LIC of India)	**100.00%**	100.00%

30 RELATED PARTY DISCLOSURES

A Names of related parties and related party relationship:

Related parties where control exists

I Ultimate Holding Company

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

II Holding Company

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

III Subsidiary Company

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

*The Company has formed a subsidiary which will take contracts of generating gas (alternative to diesel consumption) from agro based biomass and supply to Gas Companies. The Company has not made any investment in the subsidiary via subscription of shares as on the balance sheet date.

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

Fellow Subsidiaries in India

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

C Key Management Personnel:

1 Mr. M. S. Unnikrishnan - Director (upto April 22, 2020)
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
6 Mr. Sanjay Parande - Independent Director
7 Mr. Sundar Parthasarathy - Independent Director
8 Mr. Sriram Vishwanathan - Chief Executive Officer (upto May 11, 2020)
9 Mr. Ajit Sharma - Chief Financial Officer
10 Ms. Gunjan Chandratre - Company Secretary
11 Ms. Shrinidhi Deopujari - Company Secretary (upto July 1, 2019)
12 Mr. Ashish Bhandari - Director (w.e.f. June 8, 2020)
13 Ms. Khushboo Bhatia - Chief Executive Officer (w.e.f. July 30, 2020)

D 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

E 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

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

1 Marico Limited, India

Notes to financial statements for the year ended March 31, 2021

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

G Transactions with related parties:

a. Transactions during the year

Particulars	Holding Company		Subsidiary Company		Subsidiaries of the Holding Company		Enterprises over which control is exercised by individuals mentioned in 'C', 'D' and 'F'		Key Management Personnel		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Recovery of expenses	**3.72**	18.71	**25.08^**	–	–	–	–	–	–	–	**28.80**	18.71
Repairs and maintenance of leased assets	**28.49**	34.61	–	–	–	–	–	–	–	–	**28.49**	34.61
Purchase of raw material and plant and machinery given on finance lease	**2,834.82**	2,829.70	–	–	–	9.10	–	–	–	–	**2,834.82**	2,838.80
Corporate cost allocation	**53.81**	–	–	–	–	–	–	–	–	–	**53.81**	–
Reimbursement of expenses	**33.89**	35.18	–	–	–	–	–	–	–	–	**33.89**	35.18
Salaries,wages and bonus	**25.49**	25.78	–	–	–	–	–	–	**113.6***	86.79*	**139.09**	112.57
Donation	–	–	–	–	–	–	**29.12**	27.67	–	–	**29.12**	27.67
Purchase of property, plant and equipment and Intangible assets	**10.00**	4.58	–	–	**34.14**	–	–	–	–	–	**44.14**	4.58
Subscription to shares issued	**2,363.00**	–	–	–	–	–	–	–	–	–	**2,363.00**	–
Rent expense	–	3.60	–	–	–	–	–	–	–	–	–	3.60

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

^This includes amount paid by the Company on behalf of its subsidiary.

b. Balances as at reporting date

Particulars	Holding Company		Subsidiary Company		Subsidiaries of the Holding Company		Entities controlled by Holding company or its KMP		Key Management Personnel		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Other amounts recoverable	–	–	**25.08**	–	–	–	–	–	–	–	**25.08**	–
Advances given	**659.33**	249.83	–	–	–	–	–	–	–	–	**659.33**	249.83
Trade deposits	–	–	–	–	–	–	**75.00**	10.00	–	–	**75.00**	10.00
Trade payables	**1,089.06**	366.64	–	–	–	–	–	–	–	–	**1,089.06**	366.64
Bank Guarantees issued by holding company on behalf of the Company	**142.35**	410.00	–	–	–	–	–	–	–	–	**142.35**	410.00

Notes to financial statements for the year ended March 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
Transactions during the year		
Recovery of expenses		
Thermax Limited, India	**3.72**	18.71
Enernxt Private Limited	**25.08**	–
Repairs and maintenance of leased assets		
Thermax Limited, India	**28.49**	34.61
Purchase of raw material and plant and machinery given on finance lease		
Thermax Limited, India	**2,834.82**	2,829.70
First Energy Private Limited	**–**	9.10
Corporate cost allocation		
Thermax Limited, India	**53.81**	–
Reimbursement of expenses		
Thermax Limited, India	**33.89**	35.18
Salaries,wages and bonus*		
Mr. Sriram Vishwanathan	**30.97**	51.41
Mr. Sanjay Parande	**4.80**	4.80
Mr. Sundar Parthasarathy	**3.50**	4.80
Ms. Khushboo Bhatia	**53.14**	–
Mr. Ajit Sharma**	**16.92**	18.73
Ms. Gunjan Chandratre**	**4.27**	3.25
Ms. Shrinidhi Deopujari**	**–**	3.80
Donation		
Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation)	**29.12**	27.67
Purchase of property, plant and equipment and Intangible assets		
Thermax Limited, India	**10.00**	4.58
First Energy Private Limited	**34.14**	–
Subscription to shares issued		
Thermax Limited, India	**2,363.00**	–
Rent expense		
Thermax Limited, India	**–**	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, 2021	March 31, 2020
Balances as at the year end		
Other amounts recoverable		
Enernxt Private Limited	**25.08**	–
Advances given		
Thermax Limited, India	**659.33**	249.83
Trade deposits		
Marico Limited, India	**75.00**	10.00
Trade payables		
Thermax Limited, India	**1,089.06**	366.64
Bank Guarantees issued by holding company on behalf of the entity		
Thermax Limited, India	**142.35**	410.00

I 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 guranatees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020 : INR Nil). 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.

31 FAIR VALUE MEASUREMENTS

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Trade receivables	**6**	**1,185.10**	1,179.58
Loans and advances	**7**	**0.21**	0.01
Finance lease receivable	**8 (a)**	**7,243.81**	6,818.40
Other financial assets	**8 (b)**	**195.55**	122.11
Cash and bank balances	**12 (a)**	**3,269.49**	393.81
Total financial assets		**11,894.16**	8,513.91
Current Assets		**5,792.63**	2,524.00
Non-current assets		**6,101.53**	5,989.91
Total financial assets		**11,894.16**	8,513.91

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	Note No.	As at March 31, 2021	As at March 31, 2020
Financial assets			
Investments	**5**	–	202.41
Total financial assets		–	202.41
Current assets		–	202.41
Non-current assets		–	–
Total financial assets		–	202.41

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	Note No.	March 31, 2021	March 31, 2020
Borrowings	**15**	**855.75**	1,147.50
Trade payables	**16**	**2,333.86**	966.12
Trade deposits	**17**	**1,098.89**	707.57
Other financial liabilities	**17**	**436.27**	215.05
Total financial liabilities		**4,724.77**	**3,036.24**
Current liabilities		**2,770.13**	**1,181.17**
Non-current liabilities		**1,954.64**	**1,855.07**
Total financial liabilities		**4,724.77**	**3,036.24**

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

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

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, 2021

Particulars	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments	March 31, 2021	–	–	–

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	March 31, 2021	–	202.41	–

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, 2021 and March 31, 2020.

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 as at March 31, 2021

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, 2021	March 31, 2020
Interest rate		
– Increase by 100 basis points	**(12.04)**	(12.02)
– Decrease by 100 basis points	**12.04**	12.02

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.

Financial instruments and bank deposits

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordence with the Thermax group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the group's Finance Committee. 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 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 on their contractual maturities for :

March 31, 2021	Note No.	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	**15**	**–**	**606.00**	**249.75**	**–**
Trade Payables	**16**	**2,333.86**	**–**	**–**	**–**
Trade deposits*	**17**	**24.50**	**–**	**230.50**	**2,022.33**
Other financial liabilities	**17**	**133.27**	**–**	**–**	**–**
Current maturities of long-term borrowings	**17**	**303.00**	**–**	**–**	**–**
Interest accrued but not due on loans	**17**	**–**	**–**	**–**	**–**

March 31, 2020	Note No.	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	15	–	909.00	229.96	–
Trade Payables	16	966.12	–	–	–
Trade deposits*	17	–	–	230.05	1,202.83
Other financial liabilities	17	142.01	–	–	–
Current maturities of long-term borrowings	17	73.04	–	–	–
Interest accrued but not due on loans	17	–	–	–	–

*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

Notes to financial statements for the year ended March 31, 2021

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

equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2021 and March 31, 2020. Capital represents equity attributable to equity holders of the Parent Company.

Particulars	March 31, 2021	March 31, 2020
Borrowings	**1,166.21**	1,220.54
Trade payables	**2,333.86**	966.12
Less: Cash and bank balances	**3,465.04**	495.89
Net debt	**35.03**	1,690.77
Equity	**9,539.94**	6,062.20
Capital and net debt	**9,574.97**	7,752.97
Gearing ratio	**0.37%**	21.81%

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.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Within one year	**2,014.56**	1,803.15	**1,107.99**	929.49
After one year but not more than five years	**6,319.22**	6,198.36	**4,085.13**	3,935.61
More than five years	**2,668.21**	2,637.57	**2,050.71**	1,953.30
	11,001.99	10,639.08	**7,243.84**	6,818.40
Less: Unearned finance income	**3,758.16**	3,820.68	**–**	–
Present value of minimum lease payments receivable	**7,243.83**	6,818.40	**7,243.84**	6,818.40
Allowance for uncollectible lease payments	**–**	–	**–**	–
	7,243.83	6,818.40	**7,243.84**	6,818.40

Particulars	March 31, 2021	March 31, 2020
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%**	10.87% - 17.03%

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, 2021	March 31, 2020
Lease rent received for the year	**9.89**	9.04

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

Particulars	March 31, 2021	March 31, 2020
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, 2021	March 31, 2020
Lease payments for the year	–	3.78

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

Particulars	March 31, 2021	March 31, 2020
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	March 31, 2021	March 31, 2020
Revenue from external customer (gross)		
India	**12,694.22**	12,798.56
Outside India	–	–
Total	**12,694.22**	12,798.56

* Revenue of Rs. 4,176.32 was derived from two customers that individually contributed more than 10% of total revenue in the current year and Rs. 9,867.95 was derived from six customers that individually contributed more than 10% of total revenue in the previous year.

Notes to financial statements for the year ended March 31, 2021

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

Carrying amount of non current assets

Particulars	March 31, 2021	March 31, 2020
Carrying amount of non current assets		
Assets within India	**165.45**	129.85
Assets outside India	**–**	–
Total	**165.45**	129.85

Addition to non current assets

Particulars	March 31, 2021	March 31, 2020
Assets within India	**85.01**	114.18
Assets outside India	**–**	–
Total	**85.01**	114.18

36 COVID SITUATION AND ITS IMPACT

Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of the 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 the same.

37 CODE ON SOCIAL SECURITY, 2020 ('CODE')

The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

38 EXEMPTION AVAILED UNDER IND AS 110

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

per Vaibhav Kumar Gupta
Partner
Membership No. 213935

Place: Pune
Date: May 04, 2021

Gunjan Chandratre
Company Secretary

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

Khushboo Bhatia
Chief Executive Officer

Ajit Sharma
Chief Financial Officer

Place: Pune
Date: May 04, 2021

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-third Annual Report of the company for the year ended March 31, 2021.

FINANCIAL RESULTS

(Rs. lakhs)

Particulars	2020-21	2019-20
Total Income	**168.13**	61.16
Profit before depreciation	**157.92**	41.92
Depreciation	–	–
Profit/(Loss) before tax	**157.92**	41.92
Provision for taxation including deferred tax	–	–
Prior year tax adjustment	–	199.87
Profit/(Loss) after tax	**157.92**	(157.95)

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 eight years, the business has become unviable. The financial statements are therefore prepared based on 'not going concern' basis.

MATERIAL CHANGES AFFECTING 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, 2021.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

BUSINESS RISK MANAGEMENT

The company is facing a risk of viability of business which can endanger its existence. The management is exploring various alternatives to mitigate the said risk.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The company has adequate internal financial controls given the size of financial transactions during the year.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The company is not required to appoint KMP and Independent Directors in terms of Companies Act, 2013. All the Directors are non-executive Directors and do not receive any remuneration.

DIRECTORS

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

BOARD MEETINGS

The Board met four times on June 5, 2020, July 29, 2020, October 21, 2020 and January 29, 2021 during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

(d) Due to unviability of the business the Directors have prepared the annual accounts on not a going concern basis; and

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

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.

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.

VOLUNTARY LIQUIDATION UNDER IBC, 2016

The Directors of the company proposed Voluntary Liquidation of the Company under section 59 of Insolvency and Bankruptcy Code, 2016 on April 2, 2021 due to no business operations.

The Members of the Company at their meeting held on April 5, 2021 have approved the proposal of Voluntary Liquidation of the Company as per the relevant provisions of the Insolvency and Bankruptcy Code, 2016. The members have approved the appointment of Mr. Dinesh Gopal Mundada (Registration No IBPI/IPA-001/IP-P00286/2017-18/10530) as the Liquidator of the Company.

Necessary filings with ROC has been completed. Pursuant to the provisions of IBC, 2016, the company made public announcement of Voluntary Liquidation in English and Vernacular Language (Marathi) newspaper on April 10, 2021.

ACKNOWLEDGMENTS

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

	Mahadeo Burande	**Kedar Phadke**
Place: Pune	Director	Director
Date: May 6, 2021	DIN: 08559771	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, 2021, 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, 2021, and its loss, 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, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, 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: 21111212AAAAQQ7160

Place: Mumbai
Date: May 6, 2021

"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: 21111212AAAAQQ7160

Place: Mumbai
Date: May 6, 2021

"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, 2021 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, 2021, 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: 21111212AAAAQQ7160

Place: Mumbai
Date: May 6, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
Income tax Assets (Net)	3	**0.58**	0.58
Total Non-current Assets		**0.58**	**0.58**
II. Current assets			
Cash and cash equivalent	5 (a)	**22.99**	25.94
Other Current loans and advance	7	**0.13**	–
Other current assets	8	**0.28**	0.28
Total Current Assets		**23.40**	26.22
Total		**23.98**	26.80
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	**475.00**	475.00
Other equity	10	**(858.18)**	(1016.11)
		(383.18)	**(541.11)**
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
(b) Trade and other payables	13	**7.09**	0.68
(c) Other current financial liabilities	14	–	0.83
Provisions	15	–	7.09
Other current liabilities	16	**0.07**	0.87
		7.16	167.91
Total Equity and Liabilities		**23.98**	26.80

Summary of significant accounting policies 2.1

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: 6th May 2021

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

Place: Pune
Date: 6th May 2021

Statement of profit and loss for the year ended March 31, 2021

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

Particulars	Note No.	Period ended Mar 31, 2021	Period ended Mar 31, 2020
Income			
Other income	17	**168.13**	61.16
Total Income		**168.13**	61.16
Expenses			
Employee benefits expense	18	**8.90**	14.63
Other Expenses	19	**1.31**	4.61
Expense capitalised			
Total expenses		**10.21**	19.24
Profit before tax		**157.92**	41.92
Tax expense			
Current tax		–	–
Deferred tax		–	199.87
Total tax expense		–	199.87
Profit for the year from Discontinued Operations		**157.92**	(157.95)
Total comprehensive income for the period, net of tax		**157.92**	(157.95)
Earning per equity share [nominal value per share Rs.10/- (March 31, 2020: Rs.10/-)]			
Basic & Diluted	20	**4.41**	(3.33)

Summary of significant accounting policies 1-2

Summary of significant accounting judgments, estimates and assumptions
The accompanying notes are an integral part of the financial statements.

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: 6th May 2021

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

Place: Pune
Date: 6th May 2021

Statement of cash flows for the year ended March 31, 2021

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A) Cash flows from operating activities		
Profit before tax	**157.92**	(157.95)
Adjustments to reconcile profit before tax to net cash flows		
Interest income	–	(6.65)
Write back of Borrowing	**(158.44)**	–
Working capital adjustments		
(Increase)/Decrease in Other non-current financial assets	–	201.14
(Increase)/Decrease in Other current financial assets	**(0.13)**	7.29
(Increase)/Decrease in Other current assets	–	6.58
Increase/(Decrease) in Trade Payables	**6.41**	(4.86)
Increase/(Decrease) in Provisions	**(7.09)**	0.31
Increase/(Decrease) in Other current financial liabilities	**(0.83)**	0.82
Increase/(Decrease) in Other current liabilities	**(0.79)**	(42.50)
Cash generated from operations	**(2.95)**	4.18
Net cash inflow from operating activities	**(2.95)**	4.18
B) Cash flows from investing activities		
Increase in Deposits of more than 3 Months and less than 12 months	–	132.98
Interest received	–	6.65
Net cash flows used in investing activities	–	139.63
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	**(2.95)**	(36.19)
Cash and cash equivalents at the beginning of the year	**25.94**	62.13
Cash and cash equivalents at the end of the period	**22.99**	25.94

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

	March 31, 2021	March 31, 2020
Cash and cash equivalents (Note 4)	22.99	25.94
Balances as per statement of cash flows	**22.99**	**25.94**

As per our report of even date
For **B. K. Khare & Co**
Chartered Accountants
ICAI Firm Reg No.105102W

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: 6th May 2021

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

Place: Pune
Date: 6th May 2021

Notes to financial statements for the year ended March 31, 2021

(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 May 06, 2021. 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 2021, 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.

Notes to financial statements for the year ended March 31, 2021

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

b. Financial instruments

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

Financial Assets

Initial Recognition and measurement

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables.

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

The Company's financial liabilities include trade and other payables, loans and borrowings

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

c. Cash and cash equivalents

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

d. 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, 2021	As at March 31, 2020
Advance Payment of Income Tax and Wealth Tax Non Current	**0.58**	0.58
Total	**0.58**	0.58

4. Current trade receivable

	As at March 31, 2021	As at March 31, 2020
Secured, considered good		
Unsecured, considered good	–	–
Doubtful	–	–
	–	–
Less: Provision for doubtful receivables	**0.00**	0.00
Total	–	–

5 (a) Cash and bank balances

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Balances with banks		
– on current accounts	**22.99**	25.94
Total	**22.99**	25.94

5 (b) Other bank balances

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	–	–
Total	–	–

6. Current loans and advances

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Security deposits	–	–
Total	–	–

7. Other financial assets

	As at March 31, 2021	As at March 31, 2020
Interest accrued on fixed deposits etc.	–	–
Total	–	–

7. Other current Loans and advances

	As at March 31, 2021	As at March 31, 2020
Advance to supplier		
Advances to Staff and Workers	–	–
Balances with government authorities	**0.13**	–
Total	**0.13**	–

Notes to financial statements for the year ended March 31, 2021

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

8. Other Current assets

	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses		–
Unbilled revenue		–
Prepaid employee benefits	–	–
Others	**0.28**	0.28
Total	**0.28**	0.28

9. Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	**475.00**	475.00
	475.00	475.00
Issued, subscribed and fully paid share capital (Nos)		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	**475.00**	475.00
Total issued, subscribed and fully paid-up share capital	**475.00**	475.00

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

	No. of shares
Equity share of Rs. 10 each issued, subscribed and fully paid	
At April 1, 2020	
Issued during the year	
At March 31, 2020	
Issued during the year	
At March 31, 2021	

(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, 2021	As at March 31, 2020
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, 2021	
%	
No. of shares	
As at March 31, 2020	
%	
No. of shares	

10. Other Equity

	As at March 31, 2021	As at March 31, 2020
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	**(1178.62)**	(1020.68)
Add: Profit for the year	**157.92**	(157.95)
Net surplus in the Statement of profit and loss	**(1020.70)**	(1178.63)
Total	**(858.18)**	(1016.11)

11. Long Term Borrowings

	As at March 31, 2021	As at March 31, 2020
Term loans (other than banks)		
a. Preference Shares	**400.00**	400.00
Total	**400.00**	400.00
The above amount includes		
Amount disclosed under the head "Other current liabilities"	–	–
Net amount	**400.00**	400.00

Term/rights attached to Preference shares

The 6% Cumulative Preference shares issued on 12/04/2012 shall be redeemed in one or more tranches not later than a period of ten years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

As per the provisions of the Companies Act, 2013, in case is not in a position to redeem any preference shares or to pay dividend, if any, on such shares in accordance with the terms of issue (such shares hereinafter referred to as unredeemed preference shares), it may, with the consent of the holders of three-fourths in value of such preference shares and with the approval of the Tribunal on a petition made by it in this behalf, issue further redeemable preference shares equal to the amount due, including the dividend thereon, in respect of the unredeemed preference shares, and on the issue of such further redeemable preference shares.

Provision for dividend payable (interest under Ind AS) on preference shares has not been made in the absence of sufficient profits/reserves.

The total amount of such interest as at 31 March 2019 amounts to Rs. 168 lacs.

12. Borrowings

	As at March 31, 2021	As at March 31, 2020
Unsecured		
Others-Refer note no.21(b)	–	158.44
	–	158.44

13. Trade payables and other liabilities

	As at March 31, 2021	As at March 31, 2020
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	**7.09**	0.68
	7.09	0.68

Notes to financial statements for the year ended March 31, 2021

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

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, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount outstanding (whether due or not) to micro and small enterprises	–	
Interest due thereon	–	
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	
The amount of payment made to the supplier beyond the appointed day during the year	–	
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	–	
The amount of interest accrued and remaining unpaid at the end of each accounting year	–	
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	–	

14. Other short term financial liabilities

	As at March 31, 2021	As at March 31, 2020
Employee related payables	–	0.83
Total	–	0.83

15. Provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity	–	6.13
Provision for leave encashment	–	0.96
Total	–	7.09

16. Other Current liabilities

	As at March 31, 2021	As at March 31, 2020
Revenue received in advance	–	–
Statutory dues and other liabilities	**0.07**	0.87
Total	**0.07**	0.87

17. Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income		
Bank deposits	–	6.65
Miscellaneous income	**168.13**	54.51
Total	**168.13**	61.16

18. Employee benefits expense

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	**8.35**	12.41
Contribution to provident and other funds	**0.55**	1.55
Gratuity expense	–	0.67
	8.90	14.63

19 (a) Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Legal and professional fees	**0.61**	0.66
Payment to auditor (refer details below)	**0.70**	3.95
	1.31	4.61

19 (b) Payment to auditors

	Year ended March 31, 2021	Year ended March 31, 2020
As auditor		
Audit and limited review fee	**0.70**	0.70
In other capacity		
Taxation matters	–	3.25
Other services	–	–
Total	**0.70**	3.95

20. Earnings per share

	Year ended March 31, 2021	Year ended March 31, 2020
Net profit attributable to the Equity shareholders of the Company	**157.92**	(157.95)
Weighted average number of Equity shares of Rs.10/- each	**4,750,000.00**	4,750,000.00
Basic & Diluted EPS	**4.41**	(3.33)

22 Contingencies and commitments

Contingent liabilities not provided for

a) Dividend payable @ 6% on preference share Rs. 216 Lakh (Previous Year : Rs. 192 Lakh)

Notes to financial statements for the year ended March 31, 2021

(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
		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
3	Subsidiaries and Joint Venture Companies of Holding Company	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 I. Related party transactions include transactions pertaining to the followings parties:

Particulars	As at March 31, 2021	As at March 31, 2020
Transactions during the year		
Recovery of expenses from related parties		
Recovery of expenses incurred for Thermax Limited	**9.69**	14.48
Repayment of Borrowing to Thermax Limited	–	180.00
Trade Payable to Thermax Limited	**7.09**	–
Balances as at the year end		
Loans and advances		
Loan and Accrued Interest payable to Thermax Limited	–	158.44

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 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Other Financial Assets	–	–	–	–
Total financial assets	–	–	–	–

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.

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 21	–	–	–

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

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Other Financial Assets	31st March 20	–	–	–

Notes to financial statements for the year ended March 31, 2021

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

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	–	–	400.00	–	–
Trade Payables	–	–	–	–	–
Other financial liabilities					
Current maturities of long-tem borrowings	–	–	–	–	–
Interest accrued but not due on loans	–	–	–	–	–
Other payables	–	–	–	–	–

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	–	–	–

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, 2021	March 31, 2020
Borrowings	**400.00**	558.44
Trade payables	**7.09**	0.68
Cash and cash equivalents	**(22.99)**	(25.94)
Equity	**(383.18)**	(541.11)

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, 2021 and March 31, 2020.

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: 6th May 2021

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

Place: Pune
Date: 6th May 2021

THERMAX COOLING SOLUTIONS LIMITED

(Erstwhile Thermax SPX Energy Technologies Limited)

Board of Directors

Ravinder Advani (upto January 27, 2021)
Hemant Mohgaonkar (upto June 25, 2020)
Rajendran Arunachalam
Venkatesh Balasubramanian (w.e.f. June 23, 2020 upto May 3, 2021)
Dinesh Badgandi (w.e.f. January 27, 2021 upto May 3, 2021)
B. C. Mahesh (w.e.f May 3, 2021)
Sunil Raina (w.e.f May 3, 2021)

Registered Office

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

Auditors

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

Key Managerial Personnel

Dinesh Badgandi (Chief Executive Officer upto May 3, 2021)
Ravi Shewade (Manager w.e.f. May 3, 2021)
Kajal Kabra (Company Secretary)
Dinesh Sheth (Chief Financial Officer) (w.e.f. June 5, 2020)

Corporate Office

15, Sai Chambers,
Mumbai Pune Road, Wakdewadi,
Pune - 411 003, India

Bankers

Corporation Bank
Axis Bank
ICICI Bank

DIRECTORS' REPORT

Dear Shareholders,

The Directors present their Twelfth Annual Report of the company for the year ended March 31, 2021.

FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	2020-21	2019-20
Total income	**6328.82**	5503.17
Profit/(Loss) before depreciation	**16.50**	502.71
Depreciation and Amortisation	**11.78**	6.35
Profit/(Loss) before tax	**4.72**	496.36
Provision for taxation (incl. deferred tax)	**0.00**	17.19
Profit/(Loss) after tax	**4.72**	479.17

STATE OF COMPANY'S AFFAIRS

The company is 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 which includes specialised products such as Closed Loop Cooling Towers (CLCT), Evaporative Condensers (EVC), Dry Coolers/ Adiabatic Dry Cooler and Air Cooled Heat Exchangers will be offered by Cooling Business of Thermax Limited from 1st April 2021.

During the year, the company earned a total income of Rs. 6328.82 Lakhs as against Rs. 5503.17 Lakhs in the previous year. Current year profit after tax is Rs. 4.72 Lakhs as against previous year's profit after tax of Rs. 479.17 Lakhs.

MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

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

HEALTH & SAFETY

Safety and health at offices and project sites are of paramount importance for your company. All executed projects so far are with "Zero loss time injury". All sites are equipped with necessary safety gears for the people working on sites. 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, 2021.

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 had implemented Legatrix software from last financial year to track & ensure timely statutory compliances. Same is also followed in current year.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial controls are reviewed by finance department on periodical basis. Authority Matrix in line with holding companies levels of authority is implemented with board's approval during current year. Internal Audit is not applicable for the company as per section 138 of Companies Act and Rule 13 of the Companies (Accounts) Rules, 2014.

DIRECTORS

Mr. Venkatesh Balasubramanian and Mr. Dinesh Badgandi have been appointed on Board on June 23, 2020 and January 27, 2021 respectively. Further, Mr. B. C. Mahesh and Mr. Sunil Raina have been appointed on Board with effect from May 3, 2021.

Consequently Mr. Hemant Mohgaonkar and Mr. Ravinder Advani have been resigned from the Board with effect from June 25, 2020 and January 27, 2021 respectively. Further, Mr. Venkatesh Balasubramanian and Mr. Dinesh Badgandi have been resigned from the Board with effect from May 3, 2021.

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. Dinesh Sheth has been appointed as Chief Financial Officer with effect from June 5, 2020. Further, Mr. Dinesh Badgandi has resigned as Chief Executive Officer as on May 3, 2021 and Mr. Ravi Shewade has been appointed as Manager w.e.f May 3, 2021.

BOARD MEETINGS

During the year, the Board met four times on June 5, 2020, July 29, 2020, October 21, 2020, and January 27, 2021. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

SECRETARIAL STANDARDS

The Company implemented and adopted revised Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) which had revised with effect from 1st October, 2017.

COMMITTEES OF THE BOARD

Pursuant to Section 177 and 178 of Companies Act, 2013 read with 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 and Nomination and Remuneration Committee of its Board. Therefore, the Company dissolved its Audit Committee and Nomination and Remuneration Committee w.e.f. January 27, 2021.

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.

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.

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-21	31-Mar-20
Earnings		
Revenue	0.00	42.24
Expenditure		
Royalty	0.00	0.00
Purchase of Material	(706.69)	0.00
Capital Expenditure	0.00	0.00
Net	**(706.69)**	**42.24**

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 from the conclusion of 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)

	B. C. Mahesh	**Rajendran Arunachalam**
Place: Pune,	Director	Director
Date: May 3, 2021	DIN: 06631816	DIN: 08446343

INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Cooling Solutions Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Thermax Cooling Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, 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 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, 2021, 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 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 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 financial statements.

Emphasis of Matter

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, 2021 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 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 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 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 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 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 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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 ("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 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 not 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021from 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 with reference to these 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, 2021 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 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 to the 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 **Vaibhav Kumar Gupta**
Partner
Membership Number:213935
UDIN: 21213935AAAACP3113

Place of Signature: Pune
Date: May 3, 2021

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 been physically verified by the management during the year and no material discrepancies were identified 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 inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.

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

(iv) In our opinion and according to the information and explanations given to us, 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Air Cooled Condensers and other process cooling equipment, 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) 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 has been a slight delay in few cases in payment of goods and services tax and tax deducted at source. 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 by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the 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 section 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: 21213935AAAACP3113

Place of Signature: Pune
Date: May 3, 2021

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 with reference to financial statements of Thermax Cooling Solutions Limited ("the Company") as of March 31, 2021 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 (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 with reference to these 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 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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: 21213935AAAACP3113

Place of Signature: Pune
Date: May 3, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Assets			
I. Non-current assets			
Property, plant and equipment	4(a)	1.74	2.77
Intangible assets	4(b)	26.03	29.96
Financial assets:			
(a) Loans	5 (a)	1.56	1.93
(b) Other assets	6 (a)	125.07	-
Income tax assets (net)		18.87	17.29
Other assets	7 (a)	1.96	3.10
Total non-current assets		**175.23**	**55.05**
II. Current assets			
Inventories	8	211.11	-
Financial assets:			
(a) Investments	9	-	4.35
(b) Trade receivables	10	1,422.95	1,251.27
(c) Cash and cash equivalents	11 (a)	3.82	117.57
(d) Bank balances other than (c) above	11 (b)	963.52	1,102.50
(e) Loans	5 (b)	0.07	0.68
(f) Other assets	6 (b)	-	5.90
Other assets	7 (b)	106.28	1,493.41
Total current assets		**2,707.75**	**3,975.68**
Total assets		**2,882.98**	**4,030.73**
III. Equity and liabilities			
Equity share capital	12	2,000.00	2,000.00
Other equity	13	(1,511.98)	(1,509.50)
Total equity		**488.02**	**490.50**
IV. Current liabilities			
Financial liabilities:			
(a) Borrowings	14	8.79	191.15
(b) Trade payables	15		
Total outstanding dues of micro and small enterprises		304.92	139.76
Total outstanding dues of creditors other than micro and small enterprises		796.13	1,581.35
(c) Other liabilities	16	162.67	42.20
Provisions	17	151.58	142.48
Other liabilities			
Income tax liabilities (net)		-	6.22
Total current liabilities		**2,394.96**	**3,540.23**
Total equity and liabilities		**2,882.98**	**4,030.73**
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, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	19	6,260.62	5,420.13
Other income	20	68.20	83.04
Total Income (I)		**6,328.82**	**5,503.17**
Expenses			
Projects bought outs and components consumed	21	5,162.54	3,765.00
(Increase) in inventories of finished goods and work in progress	22	(41.67)	-
Employee benefits expense	23	676.28	375.14
Finance cost	24	4.18	6.43
Depreciation and amortisation expense	25	11.78	6.35
Other Expenses	26 (a)	510.99	853.89
Total expenses (II)		**6,324.10**	**5,006.81**
Profit before tax (III) = (I-II)		**4.72**	**496.36**
Tax expense	27		
Current tax		-	17.19
Deferred tax		-	-
Total tax expense (IV)		**-**	**17.19**
Profit for the year (V) = (III - IV)		**4.72**	**479.17**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	28	(7.20)	(2.45)
Total other comprehensive income for the year (VI)		**(7.20)**	**(2.45)**
Total comprehensive income for the year (VII) = (V) + (VI)		**(2.48)**	**476.72**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs.10/- (March 31, 2020: Rs 10/-)]	29	0.02	2.40
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: May 03, 2021

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 03, 2021

THERMAX COOLING SOLUTIONS LIMITED

(Erstwhile Thermax SPX Energy Technologies Limited)

Statement of Changes in Equity for the year ended March 31, 2021

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

A Equity Share Capital

Particulars	Note No	March 31, 2021	March 31, 2020
Balance at the beginning of the year	12	2,000.00	2,000.00
Changes in equity shares capital during the year	12	-	-
Balance at the end of the year	**12**	**2,000.00**	**2,000.00**

B Other Equity

Particulars	Reserves & Surplus
	Retained Earnings
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)**
Profit for the year	4.72
Other Comprehensive Income	(7.20)
Total comprehensive income	**(2.48)**
As at March 31, 2021	**(1,511.98)**

Cash flow statement for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
A) Cash flows from operating activities			
Profit / (loss) before tax		4.72	496.36
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	25	11.78	6.35
Liabilities no longer required written back	20	(8.84)	(1.08)
Fair value gain on financial instrument at fair value through profit & loss	20	(0.14)	(0.79)
Interest Expense	24	4.18	(6.43)
Interest income	20	(58.26)	(79.50)
Dividend income	20	-	(0.49)
Profit on sale of Property, plant and equipment		(0.62)	-
Working capital adjustments			
(Increase) in trade receivables		(171.68)	(22.05)
(Increase) in Inventories		(211.11)	-
Decrease in other financial assets		6.88	29.73
Decrease / (Increase) in other assets		1,388.27	(914.41)
(Decrease)/ Increase in trade payables		(620.06)	886.92
Increase in other financial liabilities		120.47	8.32
Increase in provisions		1.90	20.40
(Decrease) in other liabilities		(457.36)	(906.22)
Net Cash generated from operations (A)		**10.13**	**(482.89)**
Direct taxes refunds received/ (paid) (net)		7.80	(6.38)
Net cash flow from/ (used in) operating activities		**2.33**	**(476.51)**
B) Cash flows from investing activities			
(Purchase) / Sale of Property, plant and equipment and Intangible assets		(6.20)	(32.77)
Proceeds from sale of Investments		4.49	17.89
Interest/dividend received		58.26	79.99
Proceeds from bank deposits		13.91	254.75
Net cash flow from investing activities (B)		**70.46**	**319.86**
C) Cash flows from financing activities			
(Repayment) / Proceeds from short term borrowings		(182.36)	191.15
Interest paid		(4.18)	6.43
Net cash flow (used in)/ from financing activities (C)		**(186.54)**	**197.58**
Net increase in cash and cash equivalents		**(113.75)**	**40.93**
Cash and cash equivalents at the beginning of the year		117.57	76.64
Cash and cash equivalents at the end of the year		**3.82**	**117.57**

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

	Note No.	March 31, 2021	March 31, 2020
Cash and cash equivalents	11 (a)	**3.82**	**117.57**
Balances as per cash flow statement		**3.82**	**117.57**

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: May 03, 2021

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 03, 2021

Notes to financial statements for the year ended March 31, 2021

(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. This year the Company has added product line of business which includes specialised products such as Closed Loop Cooling Towers (CLCT), Evaporative Condensers (EVC), Dry Coolers/ Adiabatic Dry Cooler and Air-Cooled Heat Exchangers.

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 May 3, 2021. 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

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 1, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 1, 2019. This amendment had no impact on the financial statements of the Company.

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.

- Significant accounting policies for Financial instruments (Note no. 2.3 (h))
- Financial instruments and valuation techniques (Note no. 33 (a))
- Quantitative disclosures of fair value measurement hierarchy (Note no. 33 (b))

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. 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 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.

The Company has following steams of revenue:

- ***Revenue from Engineering, Procurement and Construction contracts***

  Engineering, Procurement and Construction (EPC) contracts 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 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.

- ***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 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 12 – 24 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.

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 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.

h. Financial instruments

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

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the 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.

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. 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.

k. 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.

l. 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

m. 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 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 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 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 Corona virus Disease (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 and inventories. 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 standalone financial statements.

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, 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**
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	(2.94)	(2.94)
Gross carrying amount as at March 31, 2021	**11.32**	**0.21**	**0.02**	**1.31**	**-**	**12.86**
Accumulated depreciation as at April 1, 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**
Charge for the year	0.80	-	-	-	-	0.80
Disposals	-	-	-	-	(2.71)	(2.71)
Closing accumulated depreciation as at March 31, 2021	**9.81**	**0.09**	**-**	**1.22**	**-**	**11.12**
Net block March 31, 2021	**1.51**	**0.12**	**0.02**	**0.09**	**-**	**1.74**
Net block March 31, 2020	**2.31**	**0.12**	**0.02**	**0.09**	**0.23**	**2.77**

4 (b) **Intangible assets**

Particulars	Computer Software	Total
Gross carrying amount as at April 1, 2019	3.09	3.09
Additions	32.77	32.77
Disposals	-	-
Gross carrying amount as at March 31, 2020	**35.86**	**35.86**
Additions	7.05	7.05
Disposals	-	-
Gross carrying amount as at March 31, 2021	**42.91**	**42.91**
Accumulated amortisation as at April 1, 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**
Charge for the year	10.98	10.98
Disposals	-	-
Closing accumulated amortisation as at March 31, 2021	**16.88**	**16.88**
Net block March 31, 2021	**26.03**	**26.03**
Net block March 31, 2020	**29.96**	**29.96**

5 **Loans**

(a) **Non-current loans**

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Unsecured, considered good		
Security deposits	1.56	1.93
Total	**1.56**	**1.93**

(b) **Current loans**

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Unsecured, considered good		
Loans to employees	-	0.68
Security deposits	0.07	-
Total	**0.07**	**0.68**

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 **Financial assets**

(a) **Other non current assets**

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Unsecured, considered good		
Bank deposits with maturity of more than 12 months	125.07	-
Total	**125.07**	**-**

(b) **Other current assets**

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Unbilled revenue (Contract assets)	-	5.90
Total	**-**	**5.90**

7 **Other assets**

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

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Balances with government authorities	1.96	3.10
Total	**1.96**	**3.10**

(b) **Other current assets**

	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Advance to supplier	91.65	1,466.14
Advances to employee	2.23	2.17
Prepaid expenses	12.40	10.33
Balances with government authorities	-	14.77
Total	**106.28**	**1,493.41**

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.

8 **Inventories**

	As at March 31, 2021	As at March 31, 2020
Raw Materials, components and bought-outs	169.44	-
Work-in-progress	26.25	-
Finished goods*	15.42	-
Total	**211.11**	**-**

* includes goods in transit of Rs. 15.42 (March 31, 2020 : Rs. Nil)

9 Current Investments

Particulars	Face value per unit	Number of Units March 31, 2021	Number of Units March 31, 2020	Amount March 31, 2021	Amount March 31, 2020
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	-	0.24
UTI liquid cash plan	Rs. 10	-	4	-	0.12
ABSL liquid fund - growth direct	Rs. 10	-	514	-	1.64
DSP liquidity fund direct plan growth	Rs. 10	-	33	-	0.95
L&T liquid fund direct plan - growth	Rs. 10	-	51	-	1.40
Total current investments				**-**	**4.35**
Aggregate amount of unquoted investments and market value thereof				-	4.35

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 33 for determination of their fair values.

10 Trade receivables

	As at March 31, 2021	As at March 31, 2020
Trade Receivables from:		
i) Related parties (refer note 32(e))	587.67	165.84
ii) Others	835.28	1,085.43
Total	**1,422.95**	**1,251.27**
Break-up for security details:		
Secured, considered good	-	-
Less: Impairment allowance	-	-
Total (A)	**-**	**-**
Unsecured, considered good	1,549.63	1,390.53
Less: Impairment allowance	-126.68	-139.26
Total (B)	**1,422.95**	**1,251.27**
Trade Receivables which have a significant increase in credit risk	-	-
Less: Impairment allowance	-	-
Total (C)	**-**	**-**
Trade Receivables - credit impaired	-	15.66
Less: Impairment allowance	-	-15.66
Total (D)	**-**	**-**
Total (A) + (B) + (C) + (D)	**1,422.95**	**1,251.27**

The following table summarises the change in impairment allowance measured using the life time expected credit loss model :

	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	154.92	10.32
Provisions made during the year	24.97	154.92
Utilized/reversed during the year	(53.21)	(10.32)
At the end of the year	**126.68**	**154.92**

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.

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 60 days.

11 (a) Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Balances with banks		
- in current accounts	3.82	117.57
Total	**3.82**	**117.57**

11 (b) Other bank balances

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Deposits with original maturity of more than 3 months but less than 12 months	963.52	1,102.50
Total	**963.52**	**1,102.50**

11 (c) Changes in liabilities arising from financing activities

Particulars	Borrowings
As on April 1, 2019	-
Cash flow	191.15
Others	-
As on March 31, 2020	**191.15**
Cash flow	(182.36)
Others	-
As on March 31, 2021	**8.79**

12 Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
50,000,000 (March 31, 2020 : 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 (March 31, 2020 : 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, 2019	20,000,000
Changes during the year	-
At March 31, 2020	20,000,000
Changes during the year	-
At March 31, 2021	**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, 2021	As at March 31, 2020
Holding company		
Thermax Limited	2,000.00	1,020.00
20,000,000 (March 31, 2020: 20,000,000) 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, 2021	As at March 31, 2020
Thermax Limited		
%	100.00	100.00
No. of shares	20,000,000	20,000,000

13 Other equity

	As at March 31, 2021	As at March 31, 2020
Reserves and surplus		
Retained earnings		
Opening balance	(1,509.50)	(1,986.22)
Add: Profit for the year	4.72	479.17
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurements (loss) of post-employment benefit obligations,	(7.20)	(2.45)
Net (deficit) in the statement of profit and loss	**(1,511.98)**	**(1,509.50)**
Total	**(1,511.98)**	**(1,509.50)**

14 Borrowings

	As at March 31, 2021	As at March 31, 2020
Bank overdraft	8.79	191.15
Total	**8.79**	**191.15**

The bank overdraft carries interest rate of MCLR (Marginal Cost of Fund Based Lending Rate) 6 months and spread per annum (currently 7.80%). Thermax Limited (Holding company) has given Corporate guarantee for security against such Bank Overdraft. 'For terms and conditions relating to related party payables, refer note 32.

15 Trade payables

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises	304.92	139.76
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (refer note 32(e))	168.86	455.91
(ii) Others	627.27	1,125.44
Total	**1,101.05**	**1,721.11**

For terms and conditions relating to related party payables, refer note 32.

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

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

March 31, 2021 **March 31, 2020**

	As at March 31, 2021	As at March 31, 2020
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*	302.99	138.93
- Interest due thereon	1.93	0.83
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	1,216.40	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	9.12	4.70
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	11.05	5.53
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	5.53	1.28

16 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.96	-
At amortised cost		
Employee related payables	12.71	42.20
Other Payables to group company *	149.00	-
Total	**162.67**	**42.20**

* Includes payable to Thermax Limited for advances for cancelled orders.

17 Current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 31 (a))	15.10	7.06
Provision for leave encashment	54.61	26.84
	69.71	**33.90**
Other provisions		
Provision for onerous contracts	6.71	22.62
Provision for warranties	75.16	85.96
	81.87	**108.58**
Total	**151.58**	**142.48**

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. 7.52 higher or lower (March 31, 2020 Rs. 8.60).

Provision for onerous contracts

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the 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, 2020		
Balance at the beginning	22.62	85.96
Additional provision recognised	3.12	48.27
Utilised/ Reversed	(19.03)	(59.07)
As at March 31, 2021	**6.71**	**75.16**
Current	6.71	75.16
Non-Current	-	-
Total	**6.71**	**75.16**

18 Other liabilities

	As at March 31, 2021	As at March 31, 2020
Unearned revenue (Contract liabilities)	773.68	581.62
Customer advance (Contract liabilities)		
(i) Related parties (refer note 32(e))	128.89	236.79
(ii) Others	34.02	609.46
Statutory dues and other liabilities*	34.28	9.20
Total	**970.87**	**1,437.07**

*includes GST, tax deducted at source, professional tax, provident fund etc.

For terms and conditions with related parties, refer note 32.

19 Revenue from operations

(a) Revenue from contracts with customers:

	As at March 31, 2021	As at March 31, 2020
Revenue from projects and products	6,288.46	5,416.43
	6,288.46	**5,416.43**

(b) Other operating income

	As at March 31, 2021	As at March 31, 2020
Export Incentive	-	0.68
Exchange fluctuation (loss) / gain (net)	(27.84)	3.02
Total	**(27.84)**	**3.70**
Total revenue from operations	**6,260.62**	**5,420.13**

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

i) Revenue by category of contracts:

	As at March 31, 2021	As at March 31, 2020
Over a period of time basis	5,631.75	5,416.43
At a point-in-time basis	656.71	-
Total revenue from contracts with customers	**6,288.46**	**5,416.43**

Revenue by geographical market:

	As at March 31, 2021	As at March 31, 2020
Within India	6,275.32	5,385.55
Outside India	13.14	30.88
Total revenue from contracts with customers	**6,288.46**	**5,416.43**
Other operating income	(27.84)	3.70
Total revenue from operations	**6,260.62**	**5,420.13**

ii) Contract balances

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

	As at March 31, 2021	As at March 31, 2020
Trade receivables (refer note 10)	1,422.95	1,251.27
Unbilled revenue (Contract assets) (refer note 6)	-	5.90
Unearned revenue (Contract liabilities) (refer note 18)	773.68	581.62
Customer advances (Contract liabilities) (refer note 18)	162.91	846.25

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 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, 2021	As at March 31, 2020
Unearned revenue	550.97	1,006.41
Customer advance	647.83	1,072.84

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, 2021	As at March 31, 2020
Opening unbilled revenue (refer note 6)	5.90	9.35
Opening unearned revenue (refer note 18)	581.62	1,097.04
	(575.72)	**(1,087.69)**
- Transfer of contract assets to receivable from opening unbilled revenue	(2.14)	(7.43)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	550.97	1,006.41
- Transfer of contract assets to receivable	(5,818.43)	(4,895.07)
- Increase in revenue as a result of changes in the measure of progress	5,080.78	4,408.06
- Others*	(9.14)	
	(197.96)	**511.97**
Closing unbilled revenue (refer note 6)	-	5.90
Closing unearned revenue (refer note 18)	773.68	581.62
	(773.68)	**(575.72)**

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

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, 2021	As at March 31, 2020
Amount of revenue yet to be recognised for contracts in progress as on March 31	139.00	489.00

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.

20 Other income

	As at March 31, 2021	As at March 31, 2020
Interest income from financial assets at amortised cost		
Bank deposits	57.23	78.17
Others	1.03	1.33
Dividend income		
Current investment	-	0.49
Liabilities no longer required written back	8.84	1.08
Fair value gain on financial instrument at fair value through profit and loss	0.14	0.79
Miscellaneous income	0.96	1.18
Total	**68.20**	**83.04**

21 Projects bought outs and components consumed

	As at March 31, 2021	As at March 31, 2020
Inventories at the beginning of the year	-	-
Projects bought outs and Components	5,331.98	3,765.00
	5,331.98	**3,765.00**
Inventories at the end of the year	(169.44)	-
	5,162.54	**3,765.00**
Less: Capitalised during the year	-	-
Total	**5,162.54**	**3,765.00**

22 (Increase) in inventories of finished goods and work in progress

	As at March 31, 2021	As at March 31, 2020
Inventories at the beginning of the year		
Work-in-progress	-	-
Finished goods	-	-
	-	-
Less: inventories at the end of the year		
Work-in-progress	(26.25)	-
Finished goods	(15.42)	-
	(41.67)	-
Total	**(41.67)**	-

23 Employee benefits expense

	As at March 31, 2021	As at March 31, 2020
Salaries,wages and bonus	602.94	329.23
Contribution to provident and other funds	58.56	30.89
Gratuity expense (refer note 31 (a))	9.69	4.45
Staff welfare expenses	5.09	10.57
Total	**676.28**	**375.14**

24 Finance cost

	As at March 31, 2021	As at March 31, 2020
Interest expense:		
- Bank	2.18	5.60
- Others	2.00	0.83
Total	**4.18**	**6.43**

25 Depreciation and amortisation expense

	As at March 31, 2021	As at March 31, 2020
Depreciation of property, plant and equipment (refer note 4(a))	0.80	3.54
Amortisation of intangible assets (refer note 4(b))	10.98	2.81
Total	**11.78**	**6.35**

26 (a) Other expenses

	As at March 31, 2021	As at March 31, 2020
Consumption of stores and spare parts	13.71	3.82
Power and fuel	0.11	3.64
Freight and forwarding charges (net)	238.17	177.43
Site expenses and Contract labour charges	163.09	264.05
Drawing, design and technical service charges	5.67	4.25
Advertisement and sales promotion	0.36	0.30
Rent	1.13	45.87
Rates and taxes	0.12	12.28
Insurance	7.09	6.72
Repairs and maintenance		
Others	18.89	7.65
Travelling and conveyance	16.30	35.05
Legal and professional fees (includes payment to auditor, refer note 26(b))	51.50	79.84
Doubtful advances/ deposits	0.96	8.09
Commission on Sales	0.49	2.64
Provision for impairment allowance of financial asset (net)	(28.24)	144.60
Warranty expenses (net)	(10.80)	25.63
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	32.44	32.03
Total	**510.99**	**853.89**

(b) Payment to auditors

	As at March 31, 2021	As at March 31, 2020
As auditor		
Audit Fee	6.00	6.00
Tax audit fee	-	-
In other capacity		
Other services	-	-
Reimbursement of expenses	0.15	0.30
Total	**6.15**	**6.30**

27 Income Taxes

	As at March 31, 2021	As at March 31, 2020
Current Tax	-	17.19
Deferred Tax	-	-
Total	**-**	**17.19**

The Company has computed the tax expense as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, the current tax expense year ended March 31, 2021 and 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. 1006.35 (March 2020: Rs. 1,204.83) that are available for offsetting for eight years against future taxable profits. The unabsorbed depreciation in India is Rs. 13.03 (March 2020: Rs. Nil) 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.

28 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, 2021	
Re-measurement (losses) on defined benefit plans	(7.20)
Total	(7.20)
During the year ended March 31,2020	
Re-measurement gains on defined benefit plans	(2.45)
Total	**(2.45)**

29 Earning per share

	As at March 31, 2021	As at March 31, 2020
Net profit attributable to the Equity shareholders of the Company	4.72	479.17
Weighted average number of Equity shares of Rs.10/- each	20,000,000	20,000,000
Basic and Diluted Earning per share	0.02	2.40

30 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 previous 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. The Company has also taken guest house on a short term cancellable operating lease. There were no sub-leases.

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

	As at March 31, 2021	As at March 31, 2020
Lease payments for the year	1.13	45.87

31 (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, 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**
Current service cost	6.62	-	6.62
Interest expense/(income)	6.49	(3.42)	3.07
Total amount recognised in Profit or Loss	**13.11**	**(3.42)**	**9.69**
Experience adjustments	-	(0.10)	(0.10)
Transfer in / (out)	61.49	(61.49)	-
Actuarial (gain)/loss from change in financial assumptions	7.30	-	7.30
Total amount recognised in Other Comprehensive Income	**68.79**	**(61.59)**	**7.20**
Employer contributions	-	(7.06)	(7.06)
Moratlity charges	-	(0.47)	(0.47)
Benefits paid/ transfer out	(2.26)	-	(2.26)
March 31, 2021	**122.15**	**(107.05)**	**15.10**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligation	122.15	42.51
Fair value of plan assets	(107.05)	(35.45)
Net Liability	**15.10**	**7.06**

III Significant assumptions

The significant actuarial assumptions were as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.40%	6.30%
Salary growth rate		
- for first year	8.00%	0.00%
- thereafter	8.00%	6.00%
Expected return on plan assets	6.30%	7.60%
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 assets

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

Assumption	Impact on defined benefit obligation	
	March 31, 2021	March 31, 2020
Discount rate		
1.00% increase	Decrease by 7.81	Decrease by 2.46
1.00% decrease	Increase by 8.76	Increase by 2.75
Future salary increase		
1.00% increase	Increase by 7.38	Increase by 2.32
1.00% decrease	Decrease by 6.74	Decrease by 1.80
Attrition Rate		
1.00% increase	Decrease by 0.66	Decrease by 0.06
1.00% decrease	Increase by 0.73	Increase by 0.07

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, 2021	As at March 31, 2020
Within next 12 months	15.03	7.76
Between 2-5 years	50.52	18.82
Between 6-10 years	131.55	51.13

V The major categories of plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
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. 30.14 (March 31, 2020 Rs. 16.93)

The Company has also made contibution to super annuation funds and National Pension Scheme (NPS) amounting to Rs. 28.42 (March 31, 2020: Rs. 13.96)

32 Related party disclosures

(a) Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2021	March 31, 2020	
1	RDA Holdings Private Limited	India	-	-	Ultimate holding company
2	Thermax Limited	India	100.00%	100.00%	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

(c) Key Management Personnel:

Sr. No.	Name	Designation
1	Wolf Cornelius	Director (upto April 11, 2019)
2	Amitabha Mukhopadhyay	Director (upto May 30, 2019)
3	Hemant Mohgaonkar	Director (upto June 25, 2020)
4	Ravinder Advani	Director (upto January 27, 2021)
5	Rajendran Arunachalam	Director (w.e.f. May 10, 2019)
6	Venkatesh Balasubramanian	Director (w.e.f. June 23, 2020)
7	Dinesh Badgandi	Chief Executive Officer (w.e.f. November 8, 2019) and Director (w.e.f. January 27, 2021)
8	Mahesh Kulkarni	Manager (upto November 7, 2019)
9	Ravi Shewade	Manager (upto November 7, 2019)
10	Sanjay Jakhotiya	Chief Financial Officer (upto February 19, 2020)
11	Dinesh Sheth	Chief Financial Officer (w.e.f. June 5, 2020)
12	Rohit Joshi	Company Secretary (upto August 9, 2019)
13	Kajal Kabra	Company Secretary (w.e.f January 24, 2020)

(d) Transactions with Related parties:

	Thermax Limited		Thermax Engineering Construction Co. Ltd		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a. Transactions during the year						
Revenue from contracts with customer	1,963.27	254.25	-	-	1,963.27	254.25
Expenses Recovered	18.10	-	-	-	18.10	-
Purchase of Intangible Asset	7.05	32.77	-	-	7.05	32.77
Projects bought outs and Components	114.62	-	-	-	114.62	-
Rent paid	-	14.35	-	-	-	14.35
Management service fees	28.69	14.35	-	-	28.69	14.35
Remuneration to Key management personnel	21.57	18.98	-	3.19	21.57	22.17
Commission on sales	-	3.11	-	-	-	3.11
Power and Fuel	-	2.95	-	-	-	2.95
Corporate Overheads	12.00	-	-	-	12.00	-
Repairs and maintenance : others	18.50	14.15	-	-	18.50	14.15
Reimbursement of expenses	7.68	10.14	0.07	-	7.75	10.14

(e) Balances with Related parties:

	Thermax Limited		Thermax Engineering Construction Co. Ltd		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
b. Balances as at the year end						
Trade receivables	587.67	165.84	-	-	587.67	165.84
Customer advances	128.89	236.79	-	-	128.89	236.79
Trade payables	168.86	455.91	0.08	-	168.94	455.91
Other financial liability	149.00	-	-	-	149.00	-
Corporate guarantee received	3,500.00	3,500.00	-	-	3,500.00	3,500.00

(f) KMP Remuneration

Particulars	As at March 31, 2021	As at March 31, 2020
Mahesh Kulkarni	-	17.71
Ravi Shewade	-	18.22
Dinesh Badgandi	48.78	10.83
Sanjay Jakhotiya	-	9.28
Rohit Joshi	-	2.38
Dinesh Sheth	17.73	-
Kajal Kabra	3.84	2.13

(g) 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.

33 Fair value measurements

(a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	1,422.95	1,251.27
Loans	1.63	2.61
Other financial assets	125.07	5.90
Cash and cash equivalents	3.82	117.57
Bank balances other than cash and cash equivalents	963.52	1,102.50
Total	**2,516.99**	**2,479.85**
Current assets	2,390.36	2,477.92
Non-current assets	126.63	1.93
Total	**2,516.99**	**2,479.85**

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 fair value through profit or loss

Particulars	As at March 31, 2021	As at March 31, 2020
Investments	-	4.35
Total	**-**	**4.35**
Current assets	-	4.35
Non-current assets	-	-
Total	**-**	**4.35**

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, 2021	As at March 31, 2020
Borrowings	8.79	191.15
Trade payable	1,101.05	1,721.11
Employee related payables	12.71	42.20
Other payables	149.00	-
Total	**1,271.55**	**1,954.46**
Current liabilities	1,271.55	1,954.46
Non-current liabilities	-	-
Total	**1,271.55**	**1,954.46**

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

Details of derivative liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.96	-
Total	**0.96**	**-**
Current liabilities	0.96	-
Non-current liabilities	-	-
Total	**0.96**	**-**

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. The company has a practice to settle all derivative contracts on or before its maturity using the sanctioned finance limits with banks, thereby eliminating both counterparty and the Company's own non-performance risk.

(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, 2021.

Particulars	Date of valuation	Level 2
Financial assets		
Investments		
Mutual funds	31 March 2021	-

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

The company transactions are primarily denoted in Indian Rupees, hence the risks associated with foreign currency transactions are not significant.

34 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 10 above. The charge of impairment to Statement of profit and loss is diclosed in note 26(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, 2021 and March 31, 2020 is the carrying amounts as disclosed in Note 6(a), 11(a) and 11(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, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	8.79	-	-
Trade Payables	1,101.05	-	-
Other financial liabilities			
Employee related payable	12.71	-	-
Other Payables	149.00		
March 31, 2020	**< 1 year**	**1 to 3 years**	**> 3 years**
Non- derivative			
Borrowings	191.15	-	-
Trade Payables	1,721.11	-	-
Other financial liabilities			
Employee related payable	42.20	-	-

35 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2021.

	As at March 31, 2021	As at March 31, 2020
Trade payables	1,101.05	1,721.11
Current Borrowings	8.79	191.15
Less: Cash and cash equivalents	(1,092.41)	(1,220.07)
Net debt	**17.43**	**692.19**
Equity	488.02	490.50
Capital and net debt	(470.59)	201.69

36 Social Security code

The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

37 COVID-19 situation and impact

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of the same.

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: May 03, 2021

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

B. C. Mahesh
Director
DIN: 06631816

Rajendran Arunachalam
Director
DIN: 08446343

Dinesh Badgandi
Chief Executive Officer

Dinesh Sheth
Chief Financial Officer

Kajal Kabra
Company Secretary

Place: Pune
Date: May 03, 2021

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors

Ashish Bhandari, Chairman
Nawshir Mirza
Pravin Karve
Rajendran Arunachalam
Ravinder Advani
Rajani Kesari

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 Shareholders,

Your directors take pleasure to present the Eleventh Annual Report, together with the audited financial statements of your company for the year ended March 31, 2021.

FINANCIAL RESULTS

(Rs.in crore)

Particulars	2020-21	2019-20
Total income	**1267.09**	2042.30
Profit/(Loss) before exceptional items and tax	**21.26**	108.56
Exceptional items	**3.30**	-
Profit /(Loss) before tax	**17.96**	108.56
Current Tax	**-**	17.88
Deferred tax	**8.93**	61.69
Profit/ (Loss) for the year	**9.03**	28.99

During the year, the company earned a total income of Rs. 1267.09 crore as against Rs. 2042.30 crore in the previous year. Profit after tax was Rs. 9.03 crore as against previous year's profit of Rs. 28.99 crore. Profit for the year before tax was Rs. 17.96 crore.

PERFORMANCE

Your Company has completed the first full year of operation post the acquisition of the Boiler & Heater (B&H) business of Thermax Limited. The addition of new products & services through this acquisition and their successful integration into the Company's portfolio has helped your Company generate sizable additional revenue & order book.

The company has signed a technical know how transfer and license agreement for Municipal Solid Waste (MSW) incineration systems with forward moving grate fired waste to energy Boilers with Steinmuller Babcock Environment GmbH (SBE), Germany. As a part of the agreement, TBWES will design, engineer, manufacture and sell MSW fired waste to energy boilers based on SBE's well established technology of MSW incineration. This will help our country solve the dual challenge of urbanization and deteriorating environment by incinerating the mounting piles of MSW from our cities & converting it to Power.

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- Nil.

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 staff and workmen as on March 31, 2021, was 1118.

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 holding company. 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

Internal audit reports are prepared on a quarterly basis and the observations and recommendations are presented to the audit & risk management committee for implementation of improvements/ modification of controls, as needed. The internal control systems are adequate and commensurate with the nature and size of the business.

There are no findings which have significantly impacted the financial reporting.

BOARD EVALUATION

Annual evaluation of the Board was conducted during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

Mr. M. S. Unnikrishnan, Director has tendered resignation on August 31, 2020 from the directorship of the Company.

Mr. Ashish Bhandari was appointed as an additional Director of the Company w.e.f. June 12, 2020 and his appointment was regularized at the AGM held on July 28, 2020. Mrs. Rajani Kesari was appointed as an additional Director w.e.f. May 13, 2021 and her appointment was regularized at the EGM held on May 14, 2021.

As per 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.

The remuneration of Mr. Pravin Karve in case of inadequacy of profits was approved by the Board and also by the members of the company at the EGM held on May 14, 2021.

Key Managerial Personnel (KMP)

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

Board Meetings

During the year, the Board met four times on June 12, 2020, August 5, 2020, October 29, 2020 and January 29, 2021.

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, 2021, 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, 2021 and of the profit of the company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis;

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

BOARD COMMITTEES

Presently, the Board has the following two committees:

- Audit & Risk Management Committee
- Nomination & Remuneration Committee

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and 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.

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, were appointed as the statutory auditors of the Company till the conclusion of the 15th Annual General Meeting (AGM) of the company.

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 2" 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 was appointed as the Cost Auditors of the company.

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: May 21, 2021

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

At Shirwal, lighting systems were improved by changing over to Light Emitting Diodes (LEDs) and replacing inoperative CFL, in a phased manner.

b. Fuel:

During the year, no new project was implemented due to the pandemic. Though savings from replacing LPG with PNG at Chinchwad continues.

c. Water:

The company continued its efforts to conserve water resources by recycling a major portion of its waste water and reducing its water consumption as well as controlling water loss in manufacturing and office locations of the company. These efforts at factory locations of Chinchwad, Savli, Mundra, Shirwal have resulted in saving 41223 m^3 water during the year.

Successful trials were conducted for waterless urinals at the corporate office which will save water, but could not be implemented due to the pandemic.

(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 the corporate office have generated 2.22 lacs units during the year.

The company is planning to explore approx. 1 MW solar energy at Shirwal plant in the year 2021-22.

Foreign exchange Earnings and Outgo

During the year the company had net foreign exchange inflow of Rs. 407.11 crore as against a net inflow of Rs. 1124.60 crore in the previous year.

ANNEXURE 2

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended March 31, 2021

[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, 2021 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, 2021 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 processing the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For, **Anurag Vyas & Associates**
Company Secretaries

Anurag S. Vyas
UDIN: A041824C000207770
Date: April 29, 2021
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"

(01/04/2020 TO 31/03/2021)

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
UDIN: A041824C000207770
Date: April 29, 2021
Place: Pune

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

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.

ECONOMIC REVIEW

Global Economy

During the financial year 2020-21, the global economy slowed down due to the severe impact of COVID 19 pandemic. 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 good promise.

Overall, slower project finalizations negatively affected your company's order booking.

Indian Economy

On the domestic front, the contraction of Indian GDP due to the COVID 19 pandemic affected almost all the market segments in which your Company is operating. However, as the nature of the pandemic and its effects on the economy started becoming clearer, certain market segments like Crude Oil Refinery, Steel, Cement, Distillery started making investments. Most of the investments were in the domain of Waste Heat or Industrial Waste utilization. This late buoyancy in certain key segments of the market helped your Company achieve > 65% growth in the order booking for the year.

Operational Performance

Your Company has completed the first full year of operation post the acquisition of the Boiler & Heater (B&H) business of Thermax Limited. The addition of new products & services through this acquisition and their successful integration into the Company's portfolio has helped your Company generate sizable additional revenue & order book.

Building on the capability developed in the previous years, your company has successfully booked an order for a large pre-assembled Plug & Play Waste Heat Boiler to be used in a large Crude Oil Refinery in Latin America.

During the year, your company has received an order for its largest capacity Refinery Heater from an EPC major for a Crude Oil Refinery in India. This would firmly establish your company as a reliable & qualified supplier of Refinery Heaters.

Building on its expertise in handling waste & biofuels, your company has received an order to supply specially designed boilers to burn bio residues coming from a 2G Bio Refinery being set up to convert Bamboo waste to Ethanol. This will pave the way for your company to participate in the emerging market of 2G Ethanol.

In FY 2020-21, the company revenue stood at Rs 1,267 crore, compared to Rs 2,042 crore (recast) in FY2019-20. The reduction in revenues was on account of the reduced order balance & lower activity due to the COVID 19 pandemic.

During the year, the company's operations were managed in a very efficient manner with specific focus on collection of outstanding amounts from various clients by systematic follow up, completion & closure of projects & sites. The company also focused on reducing its inventories to optimal levels. With this focus, the company has been able to turn its working capital to negative.

FINANCIAL PERFORMANCE

In FY 2020-21, your company registered total revenue of Rs. 1,267 Crore as compared to previous year's Rs. 2,042 Crore (recast). The company's profit before tax and exceptional items at Rs. 21 crore compared to last year's profit of Rs. 109 Crore (recast). The profit of this year is lower due to substantially lower revenue.

OPPORTUNITIES AND THREATS

Opportunities

1. Your company's continuous research and development for addressing new applications and new energy sources including recovery from waste heat, industrial & domestic waste is well aligned with the shifting focus to renewables in growing global energy demand. This provides the biggest growth opportunity for the company.

2. Your Company's work with Modularisation which maximizes Indian value added & minimizes the site work is well aligned to the Government vision of Make in India & the customer's need of lower cost, higher quality & faster installations. This is expected to provide another growth lever for the company.

3. Your company has signed a technical know how transfer and license agreement for Municipal Solid Waste (MSW) incineration systems with forward moving grate fired waste to energy Boilers with Steinmuller Babcock Environment GmbH (SBE), Germany. As a part of the agreement, your company will design, engineer, manufacture and sell MSW fired waste to energy boilers based on SBE's well established technology of MSW incineration. This will help your country solve the dual challenge of urbanization and deteriorating environment by incinerating the mounting piles of MSW from our cities & converting it to Power.

Threats

1. In the current scenario, the second wave of COVID 19 pandemic and the intermittent lockdowns, diversion of Oxygen from the shops to the hospitals are causing disruptions to the company's operations. The pandemic's second wave has not only disturbed 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. The company is working closely working with vendors, contractors & employees to minimize the disturbances.

2. Very high steel prices & volatile commodities is creating huge cost pressures on the company. This is not only negatively affecting the profitability of the company but is also causing delays due to erratic availability of raw materials. The company is trying to mitigate these effects with closer working with vendors & supply chain partners.

3. The global transition to cleaner energy will adversely affect part of the company's portfolio that uses fossil fuels. The company is taking steps to increase the non-fossil fuel based products in its portfolio.

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 steel, non ferrous metals, iron ore, oil and coal, currency and interest rate 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. 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 EHS performance of the company is reviewed every quarter by the CEO. EHS council reviews the safety performance and carries out immediate corrections as well as preventive actions to ensure high levels of EHS performance at factory locations and project sits.

No Major Injury Accident (Loss Time Injury) occurred in any of TBWES Factories in FY 20-21.

The company has consolidated the EHS certification of all factories, offices & sites under the new international standard of ISO 45001:2018 and necessary certification audits were completed by Bureau Veritas for Company's manufacturing facilities at Shirwal, Chinchwad, Savli, Assembly center at Mundra, offices at Pune and various project sites.

The continuous use of a mobile safety application on incident and observations reporting has improved the reporting of leading indicators, which is helping in minimizing 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.

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 organized several preventive measures that are being upgraded periodically by the management in tune with the Government of India guidelines. All employees who can work remotely have been working from home.

Online yoga sessions conducted to maintain and improve the physical and mental fitness of employees.

HUMAN RESOURCE

Last financial year, we witnessed an unprecedented situation due to Covid 19. The need of hour was to extend medical and emotional support to employees. The company reached to all our employees and provided the best possible help. Enabling work from home by providing adequate infrastructure like computers, necessary software access, broadband or internet availability, etc. was also a challenge as our entire operations were created for working from office. This was addressed by making necessary changes in policies for reimbursement of expenses on internet, delivery of company assets to the employee's home, providing financial assistance to employees wherever required. We periodically shared information about changes in the market, order booking, successes achieved with clients etc. with all employees. We also recognized the efforts of employees who went beyond the Call of Duty by recognizing them as "Covid warriors". All these initiatives helped us to keep the operations going and maintained high employee moral & engagement.

While the closure of operations had its own share of difficulties, restart of operation was a bigger challenge to ensure that all required guidelines and norms are followed. The company ensured implementation of all Norms & the same was continuously monitored through dashboards.

During this difficult situation also, the focus on training and learning for employees continued and we launched Management Development Program (MDP) for middle management using online medium of training and participation. We have covered more than 40 employees in this capability building program. Online medium was also used for conducting technical and behavioural learning programs which the employees leveraged to sharpen their skills.

We also moved onto virtual recruitment and onboarding of new employees without any physical interface.

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 Financial Statements

Opinion

We have audited the accompanying financial statements of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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 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, 2021, 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 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 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 Financial Statements.

Emphasis of Matters

(a) We draw attention to note 37 of the 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, 2021 and the operations of the Company.

(b) We draw attention to note 30(A)(a) of the 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 previous 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 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 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 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 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 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 Charged with Governance are also 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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 ("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 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 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these 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, 2021 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 Financial Statements – Refer note 30 to the Financial Statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 18(b) to the 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

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160
UDIN: 21501160AAAABI6975

Place: Pune
Date: May 21, 2021

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) Fixed assets have been physically verified by the management during the year and 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 previous 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) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end 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 Act, related to the manufacture 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services 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.

(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^ (Rs in Crores)
The Central Excise Act, 1944	Excise duty	Appellate Tribunal	FY 2000-01 to FY 2016-17	1,238.85
Income Tax Act, 1961	Income tax	Appellate Tribunal	AY 2011-12	2.70
		Commission of Income Tax (Appeals)	AY 2012-13 to AY 2016-17	41.70
Central Sales Tax and Local Sales tax (Maharashtra, Tamil Nadu, Kerala and Gujarat)	Sales tax and Value Added Tax	Appellate Tribunal	FY 2003-04, 2006-07, 2007-08, 2009-10 to 2013-14	1.97
		Appellate Authority upto Commissioner Level	FY 2006-07, 2008-09, 2010-11, 2013-14 and 2014-15	3.85

^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 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 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: 21501160AAAABI6975

Place: Pune
Date: May 21, 2021

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 with reference to financial statements of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company") as of March 31, 2021 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 (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 with reference to these 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 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 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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: 21501160AAAABI6975

Place: Pune
Date: May 21, 2021

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Balance Sheet as at March 31, 2021

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

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	362.51	410.52
Capital work-in-progress	4 (a)	0.68	0.21
Right to use assets	4 (b)	44.75	45.47
Intangible assets	4 (c)	8.55	2.16
Financial assets:			
(a) Loans	7 (a)	2.62	2.73
(b) Other assets	8 (a)	11.08	0.08
Deferred tax assets (net)	9	97.01	108.76
Income tax assets (net)		5.76	1.49
Other assets	10 (a)	1.07	4.32
Total non-current assets		**534.03**	**575.74**
II. Current assets			
Inventories	11	76.62	130.11
Financial assets:			
(a) Investments	5	-	164.29
(b) Trade receivables	6	396.20	627.88
(c) Cash and cash equivalents	12 (a)	89.58	15.29
(d) Bank balances other than (c) above	12 (b)	182.36	18.20
(e) Loans	7 (b)	1.05	0.94
(f) Other assets	8 (b)	156.22	256.83
Other assets	10 (b)	107.87	134.44
Total current assets		**1,009.90**	**1,347.98**
Total assets		**1,543.93**	**1,923.72**
Equity and liabilities			
III. Equity			
Equity share capital	13	628.22	628.22
Other equity	14	(86.24)	(103.53)
Total equity		**541.98**	**524.69**
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings	15 (a)	64.19	280.98
(b) Other liabilities	17 (a)	3.12	-
Provisions	18 (a)	13.25	9.06
Total non-current liabilities		**80.56**	**290.04**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	15 (b)	86.62	58.40
(b) Trade payables	16 (a)		
Total outstanding dues of micro and small enterprises		78.72	73.11
Total outstanding dues of creditors other than micro and small enterprises		203.43	290.81
(c) Other liabilities	17 (b)	96.23	120.56
Other liabilities	19 (a)	383.71	507.20
Provisions	18 (b)	72.68	58.91
Total current liabilities		**921.39**	**1,108.99**
Total equity and liabilities		**1,543.93**	**1,923.72**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 21, 2021

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: May 21, 2021

Statement of profit and loss for the year ended March 31, 2021

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

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	20	1,255.03	2,024.42
Other income	21	12.06	17.88
Total Income (I)		**1,267.09**	**2,042.30**
Expenses			
Cost of raw materials and components consumed	22	776.95	1,189.01
(Increase) / Decrease in inventories of finished goods and work-in-progress	23	(4.40)	11.11
Employee benefits expense	24	135.69	148.14
Finance costs	25	29.89	23.92
Depreciation and amortisation expense	26	51.06	60.21
Other expenses	27 (a)	256.64	501.35
Total expenses (II)		**1,245.83**	**1,933.74**
Profit before exceptional items and tax (I - II)		**21.26**	**108.56**
Less: Exceptional item	39	3.30	-
Profit before tax		**17.96**	**108.56**
Tax expense	9		
Current tax		-	17.88
Deferred tax		8.93	61.69
Total tax expense		**8.93**	**79.57**
Profit for the year		**9.03**	**28.99**
Other comprehensive income			
A. Items that will be reclassified subsequently to profit or loss			
Net gain/(loss) on effective portion of cash flow hedges		6.28	(5.85)
Less: Income tax effect		(1.60)	1.97
	28 (b)	4.68	(3.88)
B. Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) of defined benefit plan		4.80	(1.78)
Less: Income tax effect		(1.22)	0.45
	28 (b)	3.58	(1.33)
Net other comprehensive income for the year (net of tax)		**8.26**	**(5.21)**
Total comprehensive income for the year		**17.29**	**23.78**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2020: Rs. 10/-)]	28 (a)	0.14	0.46
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		

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

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 21, 2021

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: May 21, 2021

THERMAX BABCOCK AND WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2021

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

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
A)	**Cash flows from operating activities**			
	Profit before tax (after exceptional item)		17.96	108.56
	Adjustments to reconcile profit before tax to net cash flows			
	Depreciation on property, plant and equipment	26	48.44	52.72
	Amortisation of Right of Use Assets	26	0.72	0.71
	Amortisation of intangible assets	26	1.90	6.78
	Provision for impairment allowance of financial assets (net)	27 (a)	(15.47)	(1.39)
	Interest expense	25	25.65	19.56
	Unrealized foreign exchange gain		6.85	(18.67)
	Bad debts/ advances written off	27 (a)	2.04	24.51
	Unwinding of discount	25	4.24	4.36
	Interest income	21	(8.42)	(1.40)
	Fair value gain on financial instrument at fair value through profit and loss (net)	21	(1.87)	(5.96)
	Liabilities no longer required written back	21	(0.04)	(2.89)
	Profit/(Loss) on sale/discard of property, plant and equipment (net)	27 (a)	(0.59)	0.32
	Working capital adjustments			
	Decrease/ (increase) in trade receivables		225.75	(201.42)
	Decrease in inventories		53.49	113.07
	Decrease in other financial assets		112.17	406.99
	Decrease / (increase) in other assets		29.82	(1.79)
	(Decrease) in trade payables		(81.17)	(107.55)
	(Decrease) in other liabilities		(127.73)	(421.77)
	Increase / (decrease) in provisions		22.76	(0.13)
	(Decrease) in other financial liabilities		(7.36)	(139.47)
	Cash generated from operations		**309.14**	**(164.86)**
	Direct taxes paid (net of refunds received)		(4.27)	0.69
	Net profit after tax pertaining to parent company		-	(52.60)
	Net cash flow from / (used in) operating activities		**304.87**	**(216.77)**
B)	**Cash flows from/(used in) investing activities**			
	Purchase of property, plant and equipment and intangible assets		(3.60)	(0.88)
	Proceeds from maturity of fixed deposits		(175.16)	9.31
	Sale / (purchase) of other investments (Net)		164.29	(109.93)
	Interest and dividend received		6.36	1.29
	Net cash flows (used in) investing activities		**(8.11)**	**(100.21)**
C)	**Cash flows from / (used in) financing activities**			
	Proceeds from borrowings	15	95.38	301.00
	Repayment of borrowings		(292.16)	(55.23)
	Interest paid		(21.44)	(15.34)
	Net cash flows (used in) / from financing activities		**(218.22)**	**230.43**
	Net increase/(decrease) in cash and cash equivalents		**78.54**	**(86.55)**
	Cash and cash equivalents at the beginning of the year		11.04	97.59
	Cash and cash equivalents at the end of the year		**89.58**	**11.04**

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

	Note No.	March 31, 2021	March 31, 2020
Cash and cash equivalents	12 (a)	89.58	15.29
Book overdraft	17 (b)	-	(4.25)
Cash and cash equivalents at the end of the year		**89.58**	**11.04**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 21, 2021

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: May 21, 2021

Statement of Changes in Equity for the year ended March 31, 2021

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

Equity share capital

	Note	March 31, 2021	March 31, 2020
Balance at the beginning of the year	13	628.22	628.22
Changes in equity shares capital during the year	13	-	-
Balance at the end of the year	**13**	**628.22**	**628.22**

Other equity

Particulars	Reserves and surplus				Other reserves	Total Other Equity
	Capital reserve	Slump Purchase adjustment reserve	Retained Earnings	Total	Effective portion of cash flow hedge reserve	
As at April 1, 2019	**156.91**	**-**	**(231.80)**	**(74.89)**	**0.18**	**(74.71)**
Profit for the year (net of taxes)	-		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)**
Profit for the year (net of taxes)	-	-	9.03	9.03	-	**9.03**
Other Comprehensive Income (net)	-	-	3.58	**3.58**	4.68	**8.26**
Total comprehensive income	**-**	**-**	**12.61**	**12.61**	**4.68**	**17.29**
As at March 31, 2021	**156.91**	**-**	**(244.13)**	**(87.22)**	**0.98**	**(86.24)**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 21, 2021

For and on behalf of the Board of Directors of
Thermax Babcock & Wilcox Energy Solutions Private Limited

Rajendran Arunachalam
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Company Secretary

Place: Pune
Date: May 21, 2021

Notes to the financial statements for the year ended March 31, 2021

(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. The Company is engaged in designing, engineering, fabrication, supply, erection, commissioning of subcritical and supercritical boilers. The Company caters to both domestic and international markets.

The address of its registered office is Dhanraj Mahal, 2nd Floor, Chhatrapati Shivajimaharaj Marg, Near Regal Cinema, Colaba, Mumbai 400001, India. These financial statements are authorized for issue by the Board of Directors on May 21, 2021. The CIN of the Company is U29253MH2010PTC204890.

2. Significant accounting policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (Ind AS) 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, ("the Act") as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumption. 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

2.2.1. Amendments to Ind AS 116: COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 1, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 1, 2019. This amendment had no impact on the Standalone financial statements of the Company.

2.2.2. Others

Several other amendments and interpretations apply for the first time in the year ended March 31, 2021, but do not have an impact on the standalone financial statements of the Company.

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 judgments, 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d. Property, Plant and Equipment

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

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

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

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 the 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 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.

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.

ii. 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 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 risk and rewards of ownership are transferred to the customer. Apart from this, the company also considers its present right of payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where the control has been transferred. The Company provides for warranty provision for general repairs up to 18 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

iii. Revenue from Sale of services

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

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or service 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 receivable on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade Receivable: 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 advance as the case may be.

iv. 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.

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

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in statement of profit & 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 claim is fulfilled.

l. Share capital

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

m. Income tax

Current tax

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

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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.

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 lease asset classes primarily consist of leases for land, buildings, guest houses and office equipment. 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.

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 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.

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 assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been change in the assumptions used to determine the assets 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 or 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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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. Re-measurements are not reclassified to the Statement of profit and loss in subsequent periods.

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

- 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.

Also refer note 38.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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 Operating 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.

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 recognition 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 judgments 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 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 of COVID-19:

The Company has considered the possible effects that may result from the pandemic 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 possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of the 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 assumption used and based on current estimates expects the carrying amount of these asset 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. Constructions contracts:

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that 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 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, 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 contract:** 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 flow 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 are recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

iii. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 31.

iv. Termination benefits:

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

v. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. 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.

vi. 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.

vii. 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 norms 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.

viii. 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.

ix. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer Note 9 for details of deferred taxes.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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, 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**
Additions		-	0.27	-	0.07	-	0.64	0.98	1.45
Disposals/ Transfers/ Adjustment		-	(1.53)	(0.08)	-	(0.01)	(0.09)	(1.71)	0.98
Gross carrying amount as at March 31, 2021	**-**	**274.88**	**474.54**	**14.19**	**13.56**	**6.35**	**3.13**	**786.65**	**0.68**
Accumulated depreciation as at April 1, 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)	-
Accumulated depreciation as at March 31, 2020	**-**	**44.83**	**308.64**	**6.20**	**11.73**	**4.35**	**1.11**	**376.86**	**-**
Charge for the year		9.00	37.64	0.76	0.43	0.31	0.30	48.44	-
Disposals/ Transfers/ Adjustments		-	(1.05)	(0.04)	-	(0.01)	(0.06)	(1.16)	-
Closing accumulated depreciation as at March 31, 2021	**-**	**53.83**	**345.23**	**6.92**	**12.16**	**4.65**	**1.35**	**424.14**	**-**
Net Block as at March 31, 2021	**-**	**221.05**	**129.31**	**7.27**	**1.40**	**1.70**	**1.78**	**362.51**	**0.68**
Net Block as at March 31, 2020	**-**	**230.05**	**167.16**	**8.07**	**1.76**	**2.01**	**1.47**	**410.52**	**0.21**

Capital work in progress majorly includes expenditure towards administrative building 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.

4 (b) **Right to use assets**

Particulars	Right to use assets
Gross carrying amount as at April 1, 2019	**-**
Additions	-
Disposals/ Transfers/ Adjustment*	47.90
Gross carrying amount as at March 31, 2020	**47.90**
Additions	-
Disposals/ Transfers/ Adjustment	-
Gross carrying amount as at March 31, 2021	**47.90**
Accumulated depreciation as at April 1, 2019	**-**
Charge for the year	0.71
Disposals/ Transfers/ Adjustments	1.72
Accumulated depreciation as at March 31, 2020	**2.43**
Charge for the year	0.72
Disposals/ Transfers/ Adjustments	-
Closing accumulated depreciation as at March 31, 2021	**3.15**
Net Block as at March 31, 2021	**44.75**
Net Block as at March 31, 2020	**45.47**

* Includes Rs. 3.45 crores transferred from prepayments as at April 1, 2019. Refer note 10 (a).

4 (c) **Intangible assets**

Particulars	Computer Software	Technical know-how	Total
Gross carrying amount as at April 1, 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**
Additions	-	8.33	8.33
Disposals/ Transfers/ Adjustments	(0.08)	-	(0.08)
Gross carrying amount as at March 31, 2021	**14.64**	**32.97**	**47.61**
Accumulated amortisation as at April 1, 2019	**13.41**	**17.01**	**30.42**
Charge for the year	0.92	5.86	6.78
Disposals/ Transfers/ Adjustments	-	-	-
Accumulated amortisation as at March 31, 2020	**14.33**	**22.87**	**37.20**
Charge for the year	0.09	1.81	1.90
Disposals/ Transfers/ Adjustments	(0.04)	-	(0.04)
Closing accumulated amortisation as at March 31, 2021	**14.38**	**24.68**	**39.06**
Net Block as at March 31, 2021	**0.26**	**8.29**	**8.55**
Net Block as at March 31, 2020	**0.39**	**1.77**	**2.16**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

5 Current Investments

	Face value per unit	Number of units		Amount	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investments in Mutual Funds :					
Investments at Fair value through Profit and Loss					
Liquid/ Liquid Plus and Duration funds (unquoted)					
ABSL Overnight fund Growth-Direct	Rs. 1000	-	279,875	-	30.23
DSP Overnight Fund Direct Growth	Rs. 1000	-	252,484	-	26.98
HDFC Overnight Fund Direct Growth	Rs. 1000	-	69,053	-	20.50
ICICI Prudential Overnight Fund Direct Growth	Rs. 100	-	2,720,040	-	29.31
IDFC Overnight Fund Growth-Direct Plan	Rs. 1000	-	96,653	-	10.30
Kotak Overnight Fund-Direct Growth	Rs. 1000	-	94,116	-	10.03
SBI Overnight Fund-Direct Growth	Rs. 1000	-	82,679	-	26.90
UTI Overnight Fund-Direct Growth	Rs. 1000	-	36,700	-	10.04
				-	**164.29**
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments (book value)				-	164.29
Aggregate amount of unquoted investments (market value)				-	164.29
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.

6 Trade receivables

	As at March 31, 2021	As at March 31, 2020
Trade receivables from:		
i) Related parties (note 32)	38.28	40.12
ii) Others	357.92	587.76
Total	**396.20**	**627.88**
Trade Receivable		
Secured, considered good	17.22	159.98
Unsecured, considered good	468.86	577.47
Trade receivables which have a significant increase in credit risk	31.93	30.22
Trade receivables - credit impaired	10.94	5.68
	528.95	**773.35**
Provision for impairment allowance		
Unsecured, considered good	(90.74)	(115.72)
Trade receivables which have a significant increase in credit risk	(31.07)	(24.07)
Trade receivables - credit impaired	(10.94)	(5.68)
	(132.75)	**(145.47)**
Total	**396.20**	**627.88**

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.

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.

6(a) The following table summarises the change in provision for impairment allowance measured using the life time expected credit loss model:

	Provision for trade receivables		Provision on contract assets	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
At the beginning of the year	145.47	147.29	8.37	7.94
Provision made during the year	39.88	58.91	-	0.43
Utilized/reversed during the year	(52.60)	(60.73)	(2.75)	-
At the end of the year	132.75	145.47	5.62	8.37

7 Loans

(a) Non-current loans

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	0.49	0.97
Security deposits*	2.13	1.76
Total	**2.62**	**2.73**

* includes rent deposits, deposits with MIDC, MSEB, etc.

(b) Current loans

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
At amortized cost		
Loans to employees	0.84	0.33
Security deposits	0.21	0.61
Total	**1.05**	**0.94**

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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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, 2021	As at March 31, 2020
Bank deposits with remaining maturity of more than 12 months*	11.08	0.08
Total	**11.08**	**0.08**

*Bank deposits includes Rs. 0.08 (March 31, 2020 : Rs. 0.08) which are pledged as margin money.

(b) Other assets

	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.71	-
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.69	0.05
At amortized cost		
Export incentive receivable	26.54	44.57
Interest accrued on bank deposits and others	4.24	0.31
Unbilled revenue (Contract assets)^	124.04	211.90
Total	**156.22**	**256.83**

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 provision for impairment allowance of Rs. 5.62 (March 31, 2020: Rs. 8.37) for contract assets.

9 Income taxes

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

(a) Statement of profit and loss

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax	-	17.88
Deferred tax	8.93	61.69
Income tax expense reported in the Statement of profit and loss	**8.93**	**79.57**

(b) Other comprehensive income

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	1.60	(1.97)
Net gain or loss on remeasurements of defined benefit plans	1.22	(0.45)
Deferred tax charged / (credited) in other comprehensive income	**2.82**	**(2.42)**

(c) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020

Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax (before exceptional items)	17.96	108.56
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.168%	4.52	27.32
Deferred tax asset written down due to rate change ^	-	27.05
Write off of brought forward losses due to expiry under Income Tax Act,1961	0.91	-
Rate change loss for pre-acquisition profit	-	15.12
Permanent disallowance		
- Expenditure of capital nature sec 37	-	2.93
- Interest on preference share	1.06	-
- Others (includes interest, warranties etc)	1.26	-
Others (includes adjustment for fair valuation of investments and other differences)	1.18	7.15
Total income tax expense reported in the Statement of profit and loss	**8.93**	**79.57**

^ 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 re-measured its Deferred tax asset (or/and deferred tax liability) basis the rate prescribed in the said section as at April 1, 2019.

(d) Deferred tax

Statement of profit and loss

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation	(9.21)	(15.64)
Losses utilised against current taxable income	15.53	24.66
Deferred tax asset written down due to rate change	-	27.05
40(a) disallowance	0.58	1.93
Items allowed on payment basis / temporary disallowances	0.02	1.05
Temporary differences due to accounting treatment as required by Income-tax standards	(0.64)	1.13
Provision for doubtful debts and liquidated damages	2.44	20.73
Others	0.21	0.78
Deferred tax expense/ (income) in the Statement of profit and loss	**8.93**	**61.69**

Balance sheet

	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following :		
Impact of difference between tax depreciation and depreciation/amortisation	(22.50)	(31.71)
Losses and unabsorbed depreciation available for offsetting against future taxable income	67.53	83.06
40(a) disallowance	1.98	2.56
Items allowed on payment basis / temporary disallowances	4.31	4.33
Temporary differences due to accounting treatment as required by Income-tax standards	1.95	1.31
Provision for doubtful debts and liquidated damages	43.65	46.09
Others	0.09	3.12
Net deferred tax assets	**97.01**	**108.76**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Reconciliation of deferred tax assets (net)

	March 31, 2021	March 31, 2020
Opening balance as at April 1	**108.76**	**168.03**
Tax (expense)/income during the period recognised in profit or loss	(8.93)	(61.69)
Tax (expense)/income during the period recognised in other comprehensive income	(2.82)	2.42
Closing balance as at March 31	**97.01**	**108.76**

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, 2021	As at March 31, 2020
Unsecured, considered good		
Balances with government authorities	1.07	4.32
Total	**1.07**	**4.32**

(b) Other current assets

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance to suppliers	45.22	79.34
Advance to employees	2.69	3.17
Advance to related parties (note 32)	0.95	1.63
Prepayments	3.07	1.93
Balances with government authorities	51.50	48.37
Prepaid employee benefits (note 31)	4.44	-
Total	**107.87**	**134.44**

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, 2021	As at March 31, 2020
Raw materials, components and bought-outs**	66.13	120.65
Work-in-progress	3.10	1.89
Finished goods	4.23	1.04
Stores and spares	3.16	6.53
Total	**76.62**	**130.11**

**includes goods in transit Rs. 13.57 (March 31, 2020 Rs. 3.43).

For the year ended March 31, 2021 Rs. 18.86 was reversed (net of expense) for inventories carried at net realisable value. For the year ended March 31, 2020 Rs. 8.87 was recognised as expense (net of reversals) for inventories carried at net realisable value. These were recognised 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.

12 (a) Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- Balances with banks in current accounts	37.68	15.29
- in deposits with original maturity of less than three months	51.90	-
Total	**89.58**	**15.29**

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, 2021	As at March 31, 2020
Deposits with original maturity :		
- more than three months but less than twelve months	174.61	18.20
- more than twelve months	7.75	-
Total	**182.36**	**18.20**

12 (c) Changes in liabilities arising from financing activities

Particulars	Borrowings
As on April 1, 2019	169.39
Cash flow	245.77
Interest accretion on preference shares	4.22
As on March 31, 2020	**419.38**
Cash flow	(196.78)
Interest accretion on preference shares	4.21
As on March 31, 2021	**226.81**

13 Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized shares (Nos)		
900,000,000 (March 31, 2020: 900,000,000) equity shares of Rs. 10/- each	900.00	900.00
100,000,000 (March 31, 2020: 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, 2020: 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, 2019	628,222,500	628.22
Changes during the year	-	-
As at March 31, 2020	628,222,500	628.22
Changes during the year	-	-
As at March 31, 2021	**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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

(c) Equity share capital held by holding company

	As at March 31, 2021	As at March 31, 2020
Holding company		
Thermax Limited		
628,222,500 (March 31, 2020: 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, 2021	As at March 31, 2020
Thermax Limited		
%	100.00	100.00
No. of shares	628,222,500	628,222,500

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

(e) Aggregate number of shares bought back during the period of five years

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity shares bought back by the Company (No. of shares)	209,407,500	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. 52.50 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. 156.91 was created to represent the difference between the face value of shares and the buyback price per share. The disclosure is given for three years as the buy back was undertaken in the year ended March 31, 2019.

14 Other equity

	As at March 31, 2021	As at March 31, 2020
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)
Add: Transferred from Retained earnings	-	52.60
	-	-
Retained earnings		
Opening balance	(256.74)	(231.80)
Add: Profit / (Loss) for the year pertaining to the Company	9.03	28.99
Less: Transfer to Slump Purchase adjustment reserve	-	(52.60)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement gain/ (loss) on defined benefit plans		
Add: OCI for the year pertaining to the Company (net of tax Rs. 1.22 (March 31, 2020: Rs. (0.45))	3.58	(1.33)
Net surplus in the Statement of profit and loss	**(244.13)**	**(256.74)**
Total Reserves and Surplus	**(87.22)**	**(99.83)**
Other Reserves		
Effective portion of cash flow hedge reserve		
Opening balance	(3.70)	0.18
Add: Movement during the year (net)	6.28	(5.85)
Less: Tax on Movement during the year	(1.60)	1.97
Closing balance	**0.98**	**(3.70)**
Total	**(86.24)**	**(103.53)**

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, 2021	As at March 31, 2020
At fair value through profit and loss		
Preference Shares (52,700,000 (March 31, 2020: 52,700,000) redeemable preference shares of Rs. 10/- each)^	64.19	59.98
At amortized cost		
Term loans (other than banks)		
Unsecured loan (note 32)*	76.00	301.00
Total non-current borrowings	**140.19**	**360.98**
Less: amount disclosed under the head Other current financial liabilities (note 17 (b))		
- Current maturities of term loans	(76.00)	(80.00)
	64.19	**280.98**

^Preference shares pertain to 8% (March 31, 2020: 8%) cumulative redeemable preference shares issued to the Holding Company.

This forms a part of the authorized share capital of 100,000,000 (March 31, 2020: 100,000,000) redeemable preference shares of Rs 10 each as per the Act.

* Pertains to loan obtained from the Holding 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.

(b) Current borrowings

	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Secured loans from banks	21.30	35.44
Unsecured loans from banks	65.32	22.96
Total	**86.62**	**58.40**

Secured loans pertains to bills discounted by suppliers amounting to Rs. 21.30 (March 31, 2020: Rs. 35.44) 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. 65.32 (March 31, 2020: Rs. 22.96) carries an interest rate of 2.00% (March 31, 2020 : 5.30%) due for repayment within a maximum of 358 days from date of disbursement.

16 Trade payables

(a) Current trade payables

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises (note 16 (b))	78.72	73.11
Total outstanding dues of creditors other than micro and small enterprises		
(i) Related parties (note 32)	10.64	53.74
(ii) Others	192.79	237.07
Total	**282.15**	**363.92**

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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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

	March 31, 2021	March 31, 2020
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*	78.25	73.11
- Interest due thereon	0.47	-
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	0.09	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	0.38	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company

17 Financial liabilities

(a) Other non current liabilities

	As at March 31, 2021	As at March 31, 2020
Liability towards employee separation scheme (note 39)	1.90	-
Payables for PPE and intangible assets	1.22	-
Total	**3.12**	**-**

(b) Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.51	11.19
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	0.39	3.92
At amortized cost		
Current maturities of long-term borrowings (note 15(a))	76.00	80.00
Interest accrued but not due on loans (note 32)	-	5.94
Liability towards employee separation scheme (note 39)	0.90	-
Employee related payables	14.06	14.46
Payables for PPE and intangible assets	3.78	-
Book overdraft	-	4.25
Other payables*	0.59	0.80
Total	**96.23**	**120.56**

* includes employee recoveries payable, etc.

18 Provisions

(a) Non-current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 31)	-	2.56
Other provisions		
Provision for warranties	10.70	4.13
Provision for decommissioning liability	2.55	2.37
Total	**13.25**	**9.06**

(b) Current provisions

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for leave encashment	16.15	14.16
	16.15	**14.16**
Other provisions		
Provision for onerous contracts	1.76	1.48
Provision for warranties	54.77	43.27
	56.53	**44.75**
Total	**72.68**	**58.91**

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. 6.55 higher or lower (March 31, 2020 Rs. 4.74).

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, 2020			
Balance at the beginning	1.48	47.40	2.37
Additional provision recognised	1.39	29.00	0.18
Unused amounts reversed	-	(8.26)	-
Unwinding of discount	-	4.14	-
Utilised during the year	(1.11)	(6.81)	-
As at March 31, 2021	**1.76**	**65.47**	**2.55**
Details of provisions :			
Current	1.76	54.77	-
Non-Current	-	10.70	2.55
Total	**1.76**	**65.47**	**2.55**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

19 Other liabilities

(a) Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Unearned revenue (Contract liability)	68.09	72.91
Customer advances (Contract liability)		
(i) Related Parties (note 32)	29.65	35.14
(ii) Others	283.88	395.21
Statutory dues and other liabilities*	2.09	3.94
Total	**383.71**	**507.20**

* mainly includes tax deducted at source, tax collected 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:

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from projects and products	1,150.52	1,843.92
Revenue from services	79.42	130.72
Total revenue from contracts with customers	**1,229.94**	**1,974.64**

(b) Other operating income

	Year ended March 31, 2021	Year ended March 31, 2020
Export incentives	8.00	36.53
Sale of Scrap	12.49	7.68
Exchange fluctuation gain / (loss)*	4.60	5.57
	25.09	**49.78**
Total revenue from operations (a+b)	**1,255.03**	**2,024.42**

* includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.30 (March 31, 2020: loss of Rs. 3.87).

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

i) Revenue by category of contracts:

	March 31, 2021	March 31, 2020
Over a period of time basis	1,156.13	1,862.59
At a point-in-time basis	73.81	112.05
Total revenue from contracts with customers	**1,229.94**	**1,974.64**

Revenue by geographical market:

	March 31, 2021	March 31, 2020
Within India	775.33	1,288.76
Outside India	454.61	685.88
Total revenue from contracts with customers	**1,229.94**	**1,974.64**

ii) Contract balances:

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

	As at March 31, 2021	As at March 31, 2020
Trade receivables (note 6)	396.20	627.88
Unbilled revenue (Contract asset) (note 8(b))	124.04	211.90
Unearned revenue (Contract liability) (note 19(a))	68.09	72.91
Customer advances (Contract liability) (note 19(a))	313.53	430.35

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, 2021	March 31, 2020
Unearned revenue	69.19	61.74
Customer advance	331.86	616.60

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, 2021	March 31, 2020
Opening unbilled revenue (refer note 8(b))	**211.90**	**636.90**
Opening unearned revenue (refer note 19(a))	**72.91**	**64.44**
- Transfer of contract assets to receivable from opening unbilled revenue	(203.79)	(608.23)
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	69.19	61.74
- Transfer of contract assets to receivables	(1,038.41)	(1,685.55)
- Increase in revenue as a result of changes in the measure of progress	1,086.94	1,800.85
- Others*	3.03	(2.28)
Closing unbilled revenue (refer note 8(b))	**124.04**	**211.90**
Closing unearned revenue (refer note 19(a))	**68.09**	**72.91**

* 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 estimated 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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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, 2021	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 reporting date	1,129.94	791.05

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.

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

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income from financial assets carried at amortized cost		
Bank deposits	8.42	1.40
Other interest income	0.30	0.67
Fair value gain on financial instrument at fair value through profit and loss (net)	1.87	5.96
Liabilities no longer required written back	0.04	2.89
Miscellaneous income^^	1.43	6.96
Total	**12.06**	**17.88**

^^Includes rent income of Rs Nil (March 31, 2020; Rs 0.56); refer note 30 B (b) (ii)

22 Cost of raw material and components consumed

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year	120.65	221.22
Add: Purchases	722.43	1,088.44
	843.08	**1,309.66**
Inventories at the end of the year	66.13	120.65
Total	**776.95**	**1,189.01**

23 (Increase)/decrease in inventories of finished goods and work-in-progress

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year		
Work-in-progress	1.89	6.21
Finished goods	1.04	7.83
	2.93	**14.04**
Less: inventories at the end of the year		
Work-in-progress	3.10	1.89
Finished goods	4.23	1.04
	7.33	**2.93**
Total	**(4.40)**	**11.11**

24 Employee benefits expense

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	120.93	130.55
Contribution to provident and other funds	8.35	10.13
Gratuity expense (note 31)	2.94	3.05
Staff welfare expenses	3.47	4.41
Total	**135.69**	**148.14**

25 Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense	25.65	19.56
Unwinding of discount	4.24	4.36
Total	**29.89**	**23.92**

26 Depreciation and amortization expense

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (note 4 (a))	48.44	52.72
Amortisation of Right of Use Assets (note 4 (b))	0.72	0.71
Amortisation of intangible assets (note 4 (c))	1.90	6.78
Total	**51.06**	**60.21**

27 (a) Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	23.30	28.77
Power and fuel	7.11	10.02
Freight and forwarding charges (net)	50.91	97.83
Site expenses and contract labour charges	104.28	187.57
Drawing, design and technical service charges	8.99	14.77
Sales commission	3.67	3.04
Advertisement and sales promotion	5.29	16.21
Rent (note 30 B (b) (i))	8.26	15.51
Rates and taxes	1.94	5.38
Insurance	2.36	1.53
Repairs and maintenance:		
Plant and machinery	1.99	5.31
Buildings	0.59	2.12
Others	5.03	8.98
Travelling and conveyance	6.84	22.33
Legal and professional fees (includes payment to auditor; refer note 27 (b))	7.84	12.30
Director sitting fees	0.09	0.05
Bad debts/ advances written off	2.04	24.51
Provision for impairment allowance of financial assets (net)	(15.47)	(1.39)
Warranty expenses (net)	20.74	20.81
Loss on sale/ discard of assets (net)	0.59	0.32
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	10.25	25.38
Total	**256.64**	**501.35**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

(b) Payment to auditors

	March 31, 2021	March 31, 2020
As auditor		
Audit and limited review fee	0.40	0.32
Tax audit fee	-	-
In other capacity		
Other services	0.04	-
Reimbursement of expenses	*	0.01
Total	**0.44**	**0.33**

* less than one lakh.

28 (a) Earnings per share

	March 31, 2021	March 31, 2020
Net profit after tax attributable to the Equity shareholders	9.03	28.99
Weighted average number of Equity shares of Rs.10/- each	628,222,500	628,222,500
Basic and diluted Earning per share (Rs.)	0.14	0.46

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, 2021

	Effective portion of cashflow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	6.00	-	6.00
Reclassified to Statement of profit or loss (Net)	(1.32)	-	(1.32)
Re-measurement gains on defined benefit plans	-	3.58	3.58
Total	**4.68**	**3.58**	**8.26**

For the year ended March 31, 2020

	Effective portion of cashflow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(0.54)	-	(0.54)
Reclassified to Statement of profit or loss (Net)	(3.34)	-	(3.34)
Re-measurement gains on defined benefit plans	-	(1.33)	(1.33)
Total	**(3.88)**	**(1.33)**	**(5.21)**

29 Business Combination

The Boilers & Heaters (B&H) business of the Parent Company, 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.

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 accounting period ending on March 31, 2020 when it was not a part of the Company has been deducted from the Company's retained earnings in note 14.

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/ (loss) 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**

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**

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, 2020: Rs. 1,238.85) (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 (excluding of interest and penalty thereon)**

Particulars *	March 31, 2021	March 31, 2020
Income tax matters (#)	28.68	23.36
Excise, Customs Duty and Service tax (**)	6.80	6.80
Sales tax ($)	5.82	3.37

During the FY 2019-20, the Company received an assessment order for AY 2016-17 majorly adding back income of Rs 95.53 for sales made to related parties. 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.

$ From FY 2006-07 to FY 2015-16, the company has indicated a contingent liability of Rs. 5.38 (March 31, 2020 : Rs.3.37) for various demand notices received by the Holding company. These liabilities are related to part of the acquired business.

** Liabilities are related to part of the acquired business.

Subsequent to year end, the Company has received a income tax draft assessment order for AY 2017-18 majorly adding back income of Rs 97.93 for sales made to related parties and Rs. 107.19 on account of share premium for shares issued. Based on the advice obtained from tax expert, the Company's management does not expect any outflow in respect of this order.

The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for assessments.

c) **Others**

	March 31, 2021	March 31, 2020
Liability for export obligations	67.49	66.39
Claims against the Company not acknowledged as debt*	0.55	-

The Company has imported goods against advance licences. The timing and amount of the liability which will arise from above matters, will be determined by the relevant authorities on settlement of the cases.

*Claims against the Company not acknowledged as debt on account of ongoing legal dispute. Based on the legal opinion on few matters and management assessments of the facts of the case, no provision is considered for the subject matters. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.

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. 0.14 (March 31, 2020: Rs. 1.07).

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, 2021	March 31, 2020
Expense relating to short-term leases (included in other expenses)	6.93	13.57
Expense relating to leases of low-value assets (included in other expenses)	1.33	1.94
	8.26	**15.51**

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.

	March 31, 2021	March 31, 2020
Lease receivables for the year	-	0.56

	March 31, 2021	March 31, 2020
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	-	-

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 the 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 governed by a 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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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, 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**
Current service cost	2.13	-	2.13
Interest expense/(income)	1.58	(0.77)	0.81
Total amount recognised in Profit or Loss*	**3.71**	**(0.77)**	**2.94**
Actuarial gain from change in financial assumptions	(4.80)	-	(4.80)
Total amount recognised in Other Comprehensive Income^	**(4.80)**	**-**	**(4.80)**
Employer contributions	-	(5.14)	(5.14)
Benefits paid	(2.35)	2.35	-
March 31, 2021	**29.24**	**(33.68)**	**(4.44)**

*excludes Rs. Nil (March 31, 2020 Rs 1.39) related to cost of the acquired business

^excludes Rs. Nil (March 31, 2020 Rs Nil) related to cost of the acquired business

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

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	29.24	32.68
Fair value of plan assets	(33.68)	(30.12)
Deficit/(Surplus) of funded plan	**(4.44)**	**2.56**

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.50%	6.40%
Salary growth rate	7.00%	7.00%
Expected return on plan assets	6.40%	7.60%
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, 2021	**March 31, 2020**
Discount rate		
1.00% increase	Decrease by 1.52	Decrease by 1.27
1.00% decrease	Increase by 1.70	Increase by 1.53
Future salary increase		
1.00% increase	Increase by 1.42	Increase by 1.27
1.00% decrease	Decrease by 1.30	Decrease by 1.06
Attrition rate		
1.00% increase	Decrease by 0.04	Increase by 0.01
1.00% decrease	Increase by 0.05	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, 2021	March 31, 2020
Within next 12 months	5.13	5.50
Between 2-5 years	15.12	13.20
Between 6-10 years	18.04	15.07

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.93 years (March 31, 2020: 8.05 years)

The Company expects to contribute Rs 1.00 to gratuity fund in the next year (March 31, 2020 : Rs. 2.10)

V The major categories of plan assets are as follows:

Particulars	March 31, 2021	March 31, 2020
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

B Holding Company

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

All amounts are in Rupees Crore, except per share data and unless stated otherwise

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 Sdn. Bhd	Malaysia
5	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 and resigned on August 31, 2020)

3 Mr. Ashish Bhandari - Director and Chairman (appointed as Director on June 6, 2020 and Chairman on October 29, 2020)

4 Mr. Ravinder Advani - Director and CEO (resigned as CEO on June 7, 2019)

5 Mr. Pravin Karve- Director and CEO (appointed as Director and CEO on June 7, 2019)

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

7 Mr. Rajendran Arunachalam- Director (appointed on June 7, 2019)

8 Mr. Nawshir Mirza- Director (appointed on August 6, 2019)

9 Mr. Abhay Shah - Chief Financial Officer (resigned on August 6, 2019)

10 Mrs. Lata Kumar- Chief Financial Officer (appointed on August 6, 2019)

11 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 - Director 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a. Transactions during the year								
Revenue from contracts with customers	175.49	208.45	0.56	-	-	-	**176.05**	**208.45**
Miscelleneous income	1.19	0.71	-	0.31	-	-	**1.19**	**1.02**
Recovery of expenses	5.07	7.95	0.25	4.34	-	-	**5.32**	**12.29**
Purchase of raw material and components	20.95	43.01	-	-	-	-	**20.95**	**43.01**
Site expenses and contract labour charges	-	-	0.24	2.45	-	-	**0.24**	**2.45**
Reimbursement of expenses	7.47	20.54	0.02	0.79	-	-	**7.49**	**21.33**
Remuneration to key management personnel*	-	-	-	-	2.15	1.91	**2.15**	**1.91**
Purchase of property, plant and equipment	0.07	-	0.07	-	-	-	**0.14**	**-**
Loan received	-	301.00	-	-	-	-	**-**	**301.00**
Loan repaid	225.00	-	-	-	-	-	**225.00**	**-**
Interest Paid	19.18	13.25	-	-	-	-	**19.18**	**13.25**
Other expenses#	5.39	13.31	0.08	0.34	-	-	**5.47**	**13.65**
Director's sitting fees	-	-	-	-	0.09	0.05	**0.09**	**0.05**
Commission paid	-	-	-	-	0.09	-	**0.09**	**-**
Rent paid	4.25	2.49	-	-	-	-	**4.25**	**2.49**

*Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.

Includes management fees, warranty cost, etc.

Transaction carried out by Holding Company as agent with the company :

Description	March 31, 2021	March 31, 2020
Revenue from contracts with customers	135.72	178.29
Purchase of raw material and components	29.25	47.76

The above table excludes other reimbursements or recoveries in the nature of employee costs incurred by Holding Company in the capacity of agent.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Particulars	Holding Company		Fellow subsidiaries		Key Management Personnel and Individuals having Significant influence over the Company		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
b. Balances as at reporting date								
Trade receivables	37.20	38.52	1.08	1.60	-	-	**38.28**	**40.12**
Advance to suppliers	0.95	0.82	-	0.81	-	-	**0.95**	**1.63**
Trade payables	10.64	51.88	-	1.86	-	-	**10.64**	**53.74**
Unbilled revenue	1.47	12.82	-	-	-	-	**1.47**	**12.82**
Unearned revenue	14.15	9.02	-	-	-	-	**14.15**	**9.02**
Loan received	76.00	301.00	-	-	-	-	**76.00**	**301.00**
Customer advances	29.65	35.14	-	-	-	-	**29.65**	**35.14**
Commission payable	-	-	-	-	0.09	-	**0.09**	**-**
Corporate guarantees received	1,769.12	2,006.54	-	-	-	-	**1,769.12**	**2,006.54**
Interest accrued	-	5.94	-	-	-	-	**-**	**5.94**

Also refer note 29.

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, 2021	March 31, 2020
Transactions during the year		
Revenue from contracts with customers		
Thermax Limited, India	175.49	215.55
Miscellaneous income		
Thermax Limited, India	1.19	0.71
Thermax Cooling Solutions Limited, India (earlier known as Thermax SPX Energy Technologies Limited)	-	0.31
Recovery of expenses		
Thermax Engineering Construction Company Limited, India	-	4.34
Thermax Limited, India	5.07	7.95
Purchase of raw material and components		
Thermax Limited, India	20.95	43.01
Site expenses and contract labour charges		
Thermax Engineering Construction Company Limited, India	0.24	2.45
Reimbursement of expenses		
Thermax Engineering Construction Company Limited, India	-	0.24
Thermax Sdn. Bhd, Malaysia	-	0.48
Thermax Limited, India	7.47	20.54
Remuneration to key management personnel, excluding commission		
Mr. Pravin Karve	1.73	1.62
Mrs. Lata Kumar	0.36	0.23
Ms. Apurva Gupte	0.06	0.06
Purchase of property, plant and equipment		
Thermax Engineering Construction Company Limited, India	0.07	-
Thermax Limited, India	0.07	-
Loan taken		
Thermax Limited, India	-	301.00
Loan repaid		
Thermax Limited, India	225.00	-
Director's sitting fees		
Mr. Nawshir Mirza	0.04	0.05
Mr. Ravinder Advani	0.05	-

Particulars	March 31, 2021	March 31, 2020
Commission Paid		
Mr. Nawshir Mirza	0.06	-
Mr. Ravinder Advani	0.03	-
Other expenses		
Thermax Limited, India	5.39	13.31
Rent paid		
Thermax Limited, India	4.25	2.49
Interest paid		
Thermax Limited, India	19.18	13.25

Particulars	March 31, 2021	March 31, 2020
Balances as at year end		
Trade receivables		
Thermax Limited, India	37.20	38.52
Thermax Engineering Construction Company Limited, India	-	1.60
Advance to suppliers		
Thermax Limited, India	0.95	0.82
Thermax Instrumentation Limited, India	-	0.35
Thermax Engineering Construction Company Limited, India	-	0.46
Trade payables		
Thermax Limited, India	10.64	51.88
Thermax Engineering Construction Company Limited, India	-	1.86
Unbilled revenue		
Thermax Limited, India	1.47	12.82
Unearned revenue		
Thermax Limited, India	14.15	9.02
Interest accrued on loan taken		
Thermax Limited, India	-	5.94
Customer advances		
Thermax Limited, India	29.65	35.14
Commission Payable		
Mr. Nawshir Mirza	0.06	-
Mr. Ravinder Advani	0.03	-
Corporate guarantees received		
Thermax Limited, India	1,769.12	2,006.54
Loan received		
Thermax Limited, India	76.00	301.00

All amounts are in Rupees Crore, except per share data and unless stated otherwise

H 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 (excluding loan received).

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has recorded an impairment of receivables relating to amounts owed by related parties of Rs. 2.80 (March 31, 2020: Rs. 1.50). 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, 2021	March 31, 2020
Revenue^		
Within India	775.33	1,288.76
Outside India	454.61	685.88
Total Revenue	**1,229.94**	**1,974.64**
Carrying Amount of non current assets		
Within India	423.32	464.17
Outside India	-	-
Total Asset	**423.32**	**464.17**
Addition to plant, property and equipment and intangible assets*		
Within India	9.78	1.83
Outside India	-	-
Total Addition to plant, property and equipment and intangible assets	**9.78**	**1.83**

^Revenues of Rs 310.57 (March 31, 2020: Rs 828.72) are derived from two (March 31, 2020: three) external customers of the Company.

*excludes assets acquired on slump purchase

34 Fair value measurements

a) Category of financial instruments and valuation techniques

Details of financial assets carried at amortised cost

	As at March 31, 2021	As at March 31, 2020
Trade receivables	396.20	627.88
Loans	3.67	3.67
Other financial assets	154.82	256.78
Cash and cash equivalents	89.58	15.29
Bank balances other than cash and cash equivalents	193.44	18.28
Total	**837.71**	**921.90**
Current assets	824.01	919.09
Non-current assets	13.70	2.81
Total	**837.71**	**921.90**

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, 2021	As at March 31, 2020
Investments	-	164.29
Total	**-**	**164.29**
Current assets	-	164.29
Non-current assets	-	-
Total	**-**	**164.29**

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, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.71	-
Derivative not designated as hedges		
Foreign exchange forward contracts	0.69	0.05
Total	**1.40**	**0.05**
Current assets	1.40	0.05
Non-current assets	-	-
Total	**1.40**	**0.05**

Details of financial liabilities carried at amortised cost

	As at March 31, 2021	As at March 31, 2020
Borrowings	86.62	279.40
Trade payables	282.15	363.92
Employee related payables	16.86	14.46
Other liabilities	81.59	90.99
Total	**467.22**	**748.77**
Current liabilities	464.10	527.77
Non current liabilities	3.12	221.00
Total	**467.22**	**748.77**

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, 2021	As at March 31, 2020
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.51	11.19
Derivative not designated as hedges		
Foreign exchange forward contracts	0.39	3.92
Total	**0.90**	**15.11**
Current liabilities	0.90	15.11
Non-current liabilities	-	-
Total	**0.90**	**15.11**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

Details of financial liabilities carried at fair value

	As at March 31, 2021	As at March 31, 2020
Borrowings		
Preference Shares (52,700,000 (March 31, 2020: 52,700,000) redeemable preference shares of Rs. 10/- each) (note 32)	64.19	59.98
Total	**64.19**	**59.98**
Current liabilities	-	-
Non-current liabilities	64.19	59.98
Total	**64.19**	**59.98**

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, 2021

	Date of valuation	Level 1	Level 2	Level 3*
Financial assets				
Investments				
Mutual funds	March 31, 2021	-	-	-
Derivative financial assets	March 31, 2021	-	1.40	-
Financial liabilities				
Derivative financial liabilities	March 31, 2021	-	0.90	-
Borrowings	March 31, 2021	-	-	64.19

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

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no transfers into or out of Level 3 of the fair value hierarchy during the year.

* The movement in Level 3 is on account of interest accretion which is recognized under interest income in the statement of profit and loss.

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, 2021 and March 31, 2020. 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. The Company intends to repay the loan in the next 12 months from reporting date.

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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
INR/ USD - Increase by 1%	(0.37)	(0.10)	(0.36)	(1.44)
INR/ USD - Decrease by 1%	0.37	0.10	0.36	1.44
EURO Sensitivity				
INR/ EUR - Increase by 1%	0.04	(0.15)	0.02	-
INR/ EUR - Decrease by 1%	(0.04)	0.15	(0.02)	-

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.

All amounts are in Rupees Crore, except per share data and unless stated otherwise

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and 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, 2021 and March 31, 2020 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.

(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, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	86.62	-	64.19
Trade Payables	282.15	-	-
Other financial liabilities			
Current maturities of long-term borrowings	76.00	-	-
Interest accrued but not due on loans	-	-	-
Other payables	19.33	3.12	-
Derivatives (net settled)			
Foreign exchange forward contracts	0.90	-	-

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	-	-

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, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	1.40	(0.90)	0.05	(15.11)

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, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	122.93	5.65	398.63	5.60
Derivatives not designated as hedges				
Foreign exchange forward contracts	107.43	12.63	139.20	5.39

All the derivative contracts mature within the next 12 months.

The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

Particulars	March 31, 2021		March 31, 2020	
	Expected future sales	Expected future purchases	Expected future sales	Expected future purchases
Unrealised gain/ (loss)	0.31	(0.20)	(3.21)	(0.08)
Deferred tax asset/ (liability)	(0.08)	0.05	0.81	0.02
	0.23	**(0.15)**	**(2.40)**	**(0.06)**

All amounts are in Rupees Crore, except per share data and unless stated otherwise

36 Capital Management

The Company's objective for capital management is to maximise long - term 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, 2021 and March 31, 2020. Capital represents equity attributable to equity holders of the Parent Company.

	March 31, 2021	March 31, 2020
Borrowings	150.81	339.38
Trade payables	282.15	363.92
Book overdraft	-	4.25
Less: Cash and cash equivalents	(89.58)	(15.29)
Net debt	**343.38**	**692.26**
Equity	541.98	524.69
Capital and net debt	**885.36**	**1,216.95**
Gearing ratio	**1 : 2.58**	**1 : 1.76**

37 Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of the 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 the same.

38 Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

39 Exceptional item

The Company as on October 05, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees which ended on October 20, 2020. The amount of scheme benefits payable to employees who opted for it is Rs. 3.30. The outstanding amount of scheme benefits payable to employees as on March 31, 2021 is Rs. 2.80 (March 31,2020 : Rs Nil).

40 Note on section 149 of companies act 2013

As at March 31, 2021, the Company is in the process of shortlisting and appointing a woman director on its Board as per section 149 of the Companies Act, 2013.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 21, 2021

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: May 21, 2021

FIRST ENERGY PRIVATE LIMITED

Board of Directors

Hemant Mohgaonkar
Rajendran Arunachalam

Registered Office

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

Auditors

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

Key Managerial Personnel

Sampada Sakhare, CS

Corporate Office

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

Bankers

HDFC Bank
Union Bank of India
State Bank of India

DIRECTORS' REPORT

Dear Shareholder,

The Directors have pleasure in presenting the Thirteenth Annual Report of the Company for the year ended March 31, 2021.

FINANCIAL RESULTS

(₹ lakh)

Particulars	**2020-21**	2019-20
Total income	**275.25**	1848.46
Profit/(Loss) before depreciation	**(65.13)**	(634.21)
Depreciation and impairment	**148.50**	412.37
Profit/(Loss) before tax	**(213.62)**	(1046.59)
Provision for taxation (incl. deferred tax)	**-**	-
Items that not be reclassified to profit or loss	**-**	11.4
Profit/(Loss) after tax	**(213.62)**	(1035.19)

State of Company's Affairs

During the year, the Company had no operations due to carry forward losses. Loss before depreciation and Impairment stood at Rs. 65.13 lakh (previous year, Rs. 634.21 lakh) and Loss after depreciation, impairment and tax is Rs. 213.62 lakh (previous year Rs. 1035.19 lakh). The Financial Statements are prepared based on 'not going concern' basis.

Material changes affecting Financial Position of the Company

The financial position is affected as per changes explained in State of Companies 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 Rs. 2546.64 lakh (Equity Shares – Rs. 1346.64 lakh and 8% Redeemable Preference Shares – Rs.1200 lakh). During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

During the year, the Company has entered in to Share Purchase Agreement with its shareholders and Thermax Limited, Holding Company, pursuant to which the shareholders of the Company transferred their entire holding to the Holding Company. Post the transfer of shares, the Company has become wholly owned subsidiary of Thermax Limited w.e.f. December 21, 2020.

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, 2021.

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.

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. Sriram Vishwanathan ceased to be Director w.e.f. May 17, 2020 and Mr. Raymond Moses and Mr. Mahesh Yagnaraman ceased to be Director w.e.f. July 30, 2020.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Rajendran Arunachalam (DIN: 08446343) retires by rotation and being eligible offers, himself for re-appointment.

Manager

The term of Mr. Satish Chinchalkar as a Manager of the Company was expired on July 24, 2020.

The Company has re-appointed Mr. Satish Chinchalkar as a Manager of the Company for a period of one year effective from July 25, 2020 subject to approval of shareholders in Annual General Meeting. The Shareholders in 12th Annual General Meeting held on December 3, 2020, have not ratified appointment of Mr. Chinchalkar. Therefore, pursuant to Section 196, his term has been ceased as Manager w.e.f. December 3, 2020.

Key Managerial Personnel

Ms. Neha Tilak, Chief Financial Officer & KMP has resigned from her office w.e.f. September 30, 2020.

Board Meetings

The Board met three times during the year under review, on June 8, 2020, December 3, 2020 and March 30, 2021. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

Directors' Responsibility Statement

Pursuant to the requirements 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.

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

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

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Auditors

The 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.

The Board of Directors at its meeting held on July 5, 2021 approved the re-appointment of M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors for the period of five years subject to approval of the shareholders in ensuing Thirteenth Annual General Meeting of the Company.

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, July 5, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of **First Energy Private Limited**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of First Energy Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Emphasis of matter

We draw attention to Note¬ 42 in the financial statements which describes management's intention 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.

Information other than the Financial Statements and Auditors' Report thereon

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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Auditors' Responsibility

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

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

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 financial statements comply with the Accounting Standards specified under section 133 of the Act.

   (e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, 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) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Hence, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable. Also, refer paragraph xi of annexure 1 to the Independent Auditors' Report.

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

      i. The Company 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: July 5, 2021

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) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. During the year, the Company did not verify the property, plant and equipment.

"We draw attention to Note 42 in the financial statements. The Company has disposed off a substantial part of its fixed assets during the year covered by our report. The company has so far not made any plans to replace the fixed assets that have been sold. These factors, along with other matters as set forth in Note 42, the management intends to wind-down the operations of the Company and therefore financial statements have been prepared on not a going concern basis."

(c) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

(ii) According to the information and explanation given to us, the Company has not conducted physical verification of inventory during the year.

(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 information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Income Tax, Provident Fund, Employees' State Insurance, Cess and other material statutory dues have been generally regular in depositing during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax Service tax, Income tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to a bank/ financial institution during the year. The Company has not made any borrowings from a government and has not issued any debentures during the year.

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

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

(xi) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Accordingly, the reporting under Clause 3(xi) of the Order is not applicable to the Company. Also refer paragraph 2(g) of Independent Auditors' Report.

(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) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(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 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: 25th May 2021

FIRST ENERGY PRIVATE LIMITED

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, 2021 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Reporting

A company's internal financial control with reference to 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 with reference to 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 with reference to Financial Reporting

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements 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: 5th July 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
I. Non-current assets			
Property, plant and equipment	3	24.96	165.66
Intangible assets	4	-	53.05
Other non-current assets	10	91.49	90.03
Total non-current assets		**116.45**	**308.74**
II. Current assets			
Inventories	11	2.93	5.43
Financial assets			
(a) Investments	5	34.36	80.96
(b) Trade receivables	6	33.54	126.12
(c) Cash and cash equivalents	12	107.93	383.02
(d) Bank balances other than (c) above	13	0.83	0.83
(e) Loans	7	8.62	18.05
(f) Other financial assets	8	1.01	1.01
Income tax assets (net)	9	9.91	9.61
Other current assets	14	1.38	36.68
Total current assets		**200.51**	**661.71**
Total		**316.96**	**970.45**
III. Equity and liabilities			
Equity share capital	15	1,346.64	1,346.64
Other equity	16	(3395.24)	(3181.62)
		(2048.60)	**(1834.98)**
IV. Non-current liabilities			
Financial liabilities			
(a) Borrowings	17(a)	1,949.30	1,790.09
		1,949.30	**1,790.09**
V. Current liabilities			
Financial liabilities			
(a) Borrowings	17(b)	-	105.21
(b) Trade payables	18	83.07	431.93
(c) Other current financial liabilities	19	323.43	456.81
Other current liabilities	21	2.95	6.38
Provisions	20	6.81	15.01
		416.26	**1,015.32**
Total		**316.96**	**970.45**

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: July 5, 2021

For and on behalf of the Board of Directors of
First Energy Private Limited

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Sampada Sakhare
Company Secretary

Statement of profit and loss for the year ended March 31, 2021

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

Particulars	Note	March 31, 2020	March 31, 2019
Income			
Revenue from operations	22		
Sale of Products		30.78	1,448.72
Sale of Services		162.27	336.01
Operating Income		19.93	50.46
Revenue from operations	22	212.98	1,835.19
Other income	23	62.27	13.27
Total Income (I)		**275.25**	**1,848.46**
Expenses			
Cost of raw materials and components consumed	24	77.32	949.50
(Increase) / decrease in inventories of finished goods	25	1.63	82.57
Employee benefits expense	26	18.13	326.18
Finance cost	27	165.75	165.24
Depreciation, amortisation expense and impairment	28	148.50	412.38
Other Expenses	29	77.54	959.19
Total expenses (II)		**488.87**	**2,895.06**
Loss before tax (I-II)		(213.62)	(1046.60)
Loss for the year		**(213.62)**	**(1046.60)**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans-gain	35	0.00	11.40
Total other comprehensive income for the year, net of tax.		**0.00**	**11.40**
Total comprehensive income for the year		**(213.62)**	**(1035.20)**
Basic and Diluted Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2021: 10/-)]	31	**(1.59)**	**(7.77)**
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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: July 5, 2021

For and on behalf of the Board of Directors of
First Energy Private Limited

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Sampada Sakhare
Company Secretary

FIRST ENERGY PRIVATE LIMITED

Cash flow statement for the year ended March 31, 2021

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

Particulars		March 31, 2021	March 31, 2020
A)	**Cash flows from operating activities**		
	Profit/(Loss) before Tax	(213.62)	(1,046.59)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation, amortization expenses and impairment	148.50	412.38
	Provision for doubtful debts/deposits	21.38	10.56
	Bad debts written off	-	25.80
	Interest Expenses	165.75	165.24
	Interest income from investment in Mutual funds/Fair value gain	(3.40)	(2.80)
	Loss on sale / discard of assets (net)	-	316.18
	(Profit)/Loss on sale of investment	-	(4.30)
	Dividend and interest income classified as investing cash flows	-	(0.42)
	Working capital adjustments		
	(Increase) in Trade Receivables	71.20	(57.66)
	(Increase) / Decrease in Inventories	2.50	130.21
	(Increase) / Decrease in Other non-current financial assets		
	(Increase) in Other non-current assets	(1.46)	119.05
	Decrease in Other ST Loans	9.43	4.70
	Decrease in Other current assets	35.30	(24.74)
	Increase / (Decrease) in Trade Payables	(348.84)	(84.32)
	Increase in Provisions	(8.20)	(6.01)
	Increase / (Decrease) in Other current liabilities	(3.43)	(1.30)
	(Decrease) in Other current financial liabilities	(133.37)	(325.42)
	Cash generated from operations	**(258.26)**	**(369.44)**
	Direct taxes paid (net of refunds received)	(0.30)	(4.51)
	Net cash inflow / (outflow) from operating activities	**(258.56)**	**(373.95)**
B)	**Cash flows from /(used in) investing activities**		
	Purchase of Fixed Assets	-	(103.24)
	Sale of Fixed Assets	45.22	351.45
	Fixed Deposits with Banks placed	-	(0.05)
	Proceeds from sale of other Investments	50.00	28.00
	Interest received	-	0.05
	Net cash flows (used in) investing activities	**95.22**	**276.21**
C)	**Cash flows from/ (used in) financing activities**		
	Borrowings from Others/Financial Institutions	50.00	486.62
	Repayment of Borrowings	(160.75)	(87.60)
	Interest paid	(1.00)	(18.14)
	Net cash flows from financing activities	**(111.75)**	**380.88**
	Net increase / (decrease) in cash and cash equivalents	**(275.11)**	**283.14**
	Cash and cash equivalents at the beginning of the year	383.02	99.88
	Cash and cash equivalents at the end of the year	**107.91**	**383.02**

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

	March 31, 2021	March 31, 2020
Cash and cash equivalents (Note 12)	107.93	383.02
Book overdraft	-	-
Balances as per Cash flow statement	**107.91**	**383.02**

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: July 5, 2021

For and on behalf of the Board of Directors of
First Energy Private Limited

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Sampada Sakhare
Company Secretary

Statement of changes in Equity for the year ended March 31, 2021

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

A. Equity Share Capital

	Notes	March 31, 2021	March 31, 2020
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 April 1, 2019	**(3,564.62)**	**1,171.48**	**(2,393.14)**	**246.72**	**(2,146.42)**
Profit for the year	(1,046.60)	-	**(1,046.60)**	-	**(1,046.60)**
Other Comprehensive Income	11.40	-	**11.40**	-	**11.40**
Total income	**(1035.20)**	**-**	**(1035.20)**	**-**	**(1035.20)**
Issuance of preference share (Equity component)	-	-	-		-
As at March 31, 2020	**(4599.82)**	**1171.48**	**(3428.34)**	**246.72**	**(3181.62)**
Profit for the year	(213.62)	-	**(213.62)**	-	**(213.62)**
Other Comprehensive Income	-	-	-	-	-
Total income	**(213.62)**	**-**	**(213.62)**	**-**	**(213.62)**
As at March 31, 2021	**(4813.44)**	**1171.48**	**(3641.96)**	**246.72**	**(3395.24)**

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: July 5, 2021

For and on behalf of the Board of Directors of
First Energy Private Limited

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

Sampada Sakhare
Company Secretary

Notes to financial statements for the year ended March 31, 2021

(All amounts are in Rupees Lakhs, 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 2021, 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, 2021

(All amounts are in Rupees Lakhs, 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
Gross carrying amount as at Mar 31, 2020	**10.33**	**2,153.52**	**13.12**	**68.59**	**23.96**	**2,269.52**
Additions	-	-	-	-	-	-
Disposals / Adjustment	-	1,512.22	0.62	0.61	-	1,513.45
Gross carrying amount as at March 31, 2021	**10.33**	**641.30**	**12.50**	**67.98**	**23.96**	**756.07**
Closing accumulated depreciation and impairment as at Mar 31, 2020	**10.33**	**1,990.12**	**12.62**	**67.98**	**22.82**	**2,103.87**
Charge for the year	-	97.01	0.89	-	1.14	99.04
Impairment Loss	-	8.45		-	-	8.45
Disposals / Adjustment	-	1,479.24	1.01	-	-	1,480.25
Closing accumulated depreciation and impairment as at March 31, 2021	**10.33**	**616.34**	**12.50**	**67.98**	**23.96**	**731.11**
Net Block March 31, 2021	**-**	**24.96**	**-**	**-**	**-**	**24.96**
Net Block March 31, 2020	**-**	**163.41**	**0.50**	**0.61**	**1.14**	**165.66**

4 Intangible Assets

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

	Computer Software	Technical know-how	Total
Gross carrying amount as on Mar 31 , 2020	144.65	123.05	**267.70**
Additions	-	-	-
Disposals/Adjustments	144.65	123.05	267.70
Gross carrying amount as on March 31 ,2021	-	-	-
Closing accumulated depreciation as at Mar 31, 2020	**139.59**	**75.06**	**214.65**
Amortisation charge for the year	1.34	1.61	2.95
Disposals	140.93	114.76	255.69
Impairment in a year	**-**	**38.09**	**38.09**
Closing accumulated depreciation as at March 31, 2021	-	-	-
Net Block March 31, 2021	-	-	-
Net Block March 31, 2020	**5.06**	**47.99**	**53.05**

5 Current Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investments in mutual funds		
Investments at Fair value through Profit and Loss		
Quoted		
Investment- Aditya Birla Liquid Fund (11966.534 units @ FV 10 per unit) (previous year: 29883.28 units @ FV 10 per unit)	34.36	80.96
Total	**34.36**	**80.96**

6 Current trade receivable

Particulars	March 31, 2021	March 31, 2020
Trade receivables		
Trade receivables		
Receivables from related parties(note 36 (e))	-	0.69
Others	33.54	125.43
Total receivables	**33.54**	**126.12**
Break-up of security details		
Secured, considered good		
Unsecured, considered good	33.54	126.12
Doubtful	21.37	39.40
	54.91	**165.52**
Less: Provision for doubtful debts	(21.37)	(39.40)
Total	**33.54**	**126.12**

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, 2021	March 31, 2020
At amortized cost		
Unbilled revenue		
At amortized cost		
Security deposits		
Unsecured, considered good	8.62	18.05
Doubtful	-	-
	8.62	18.05
Less: Provision for doubtful security deposits	-	-
Total	**8.62**	**18.05**

8 Other financial assets

Particulars	March 31, 2021	March 31, 2020
At amortized cost		
Interest accrued on fixed deposits	1.01	1.01
Total	**1.01**	**1.01**

9 Income tax assets (net)

Particulars	March 31, 2021	March 31, 2020
TDS Receivable	9.91	9.61
Total	9.91	9.61

10 Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Sales Tax Recoverable	91.49	125.03
	91.49	**125.03**
Less : Classified as Current	-	(35.00)
Total	**91.49**	**90.03**

Notes to financial statements for the year ended March 31, 2021

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

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

11 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Valued at lower of cost and net realizable value		
Raw materials, components and bought-outs	1.29	2.16
Spares	1.64	-
Finished goods	-	3.27
Total	**2.93**	**5.43**

12 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in current accounts	107.93	383.02
Total	**107.93**	**383.02**

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, 2021	March 31, 2020
Deposits with original maturity of more than 3 months but less than 12 months	0.83	0.83
Total	**0.83**	**0.83**

14 Other current assets

Particulars	March 31, 2021	March 31, 2020
Unsecured considered good		
Sales tax recoverable	-	35.00
Advances to employee	0.76	1.06
Prepaid Expenses	0.62	0.62
Total	**1.38**	**36.68**

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, 2021	As at March 31, 2020
Authorized shares		
3,80,00,000 (Previous year 3,80,00,000) equity shares of Rs. 10/- each.	3,800	3,800
	3,800.00	**3,800.00**
Issued, subscribed and fully paid share capital		
1,34,66,365 (Previous year 1,34,66,365) equity shares of Rs. 10/- each.	1,346.64	1,346.64
Total issued, subscribed and fully paid-up share capital	**1,346.64**	**1,346.64**

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

	No. of shares	₹
Equity share of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2020	13,466,365	13,466,365
Changes during the year	-	-
As at March 31, 2021	13,466,365	13,466,365
Changes during the year	-	-
At March 31, 2021	**13,466,365**	**13,466,365**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity shares held by ultimate holding / holding company

Particulars	As at March 31, 2021	As at March 31, 2020
Holding company		
Thermax Limited		
1,02,34,437 (Previous year: 1,02,34,437) equity shares of Rs. 10/- each fully paid	1,023.44	1,023.44

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

Name of the shareholder	As at March 31, 2021	As at March 31, 2020
(i) Thermax Limited, India		
% Holding	99.99997%	76.00%
No. of shares	3,231,927	10,234,437
(ii) Naveen & Puja Kshatriya		
% Holding	0.00%	6.07%
No. of shares	-	817,678
(iii) Bhavesh Chheda		
% Holding	0.00%	NA
No. of shares	1	NA

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

16 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Reserves and surplus		
A. Securities premium account	1,171.48	1,171.48
B. Retained earnings		
Opening balance	(4599.82)	(3564.62)
Add: Loss for the year	(213.62)	(1046.60)
Add: Re-measurements of post-employment benefit obligations	0.00	11.40
Net surplus/ deficit in the statement of profit and loss	**(4813.44)**	**(4599.82)**
C. Total Reserves and Surplus (A+B)	**(3641.96)**	**(3428.34)**
Equity component of compound financial instrument	**246.72**	**246.72**
Total	**(3395.24)**	**(3181.62)**

Notes to financial statements for the year ended March 31, 2021

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

17 Borrowings

(a) Non current borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Secured Loans	-	160.75
Term loans (from Parent Company unsecured)	411.62	361.62
Less : Current maturities of Long term Borrowings (included in note 17 (b)	-	105.21
Total	**411.62**	**417.16**
Term loans (other than banks)		
a. Secured loan	-	-
8% Cumulative redeemable preference shares	1,537.68	1,372.93
(1,20,00,000 shares of Rs 10 each fully paid)		
Total	**1,949.30**	**1,790.09**

During the year ended 31st March 2017, the Company had issued 60,00,000 Redeemable Preference Shares of Rs. 10/- each @ 8%. The preference shares are Cumulative, non- convertible, non-participating and redeemable on completion of 5 years at face value in Cash. Equity component of such shares are recorded in other equity. During the year ended 31st March, 2018, the Company had issued additional 60,00,000 shares issued Redeemable Preference Shares of Rs. 10/- each @ 8%.

The equity component of preference shares is recorded in other equity.

Due to absence of adequate profits, dividend on 8% Cumulative redeemable preference shares issued to Thermax Limited has not been provided.

(b) Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Secured		
From Financial Institution	-	105.21
Total	**-**	105.21
Aggregate Secured loans	**411.62**	522.37
Aggregate Unsecured loans	**1,537.68**	1,372.93

18 Current trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	0.27
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related Parties (note 36 e)	38.43	38.43
(ii) Others	44.64	393.21
Total	**83.07**	**431.91**

19 Other current financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Trade deposits	**62.88**	170.91
Capital Creditors	**255.95**	267.60
Employee related payables	**4.60**	18.30
	323.43	456.81

20 Current provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for gratuity (Refer note 35)	6.81	15.01
Total	**6.81**	**15.01**

21 Other Current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues and other liabilities*	2.95	6.38
Total	**2.95**	**6.38**

* 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, 2021	As at March 31, 2020
Borrowings	1,949.30	1,895.30
Trade payable	83.07	431.93
Employee related payables	4.60	18.30
Other liabilities	318.83	438.51
	2,355.80	**2,784.04**
Current liabilities	406.50	993.93
Non current liabilities	1,949.30	1,790.09
	2,355.80	**2,784.04**

22 Revenue from operations (net)

i) Disaggregated revenue

Particulars	As at March 31, 2021	As at March 31, 2020
Details of revenue		
Sale of products	30.78	1,448.72
Sale of Services	162.27	336.01
Total revenue	**193.05**	**1,784.73**
Timing of revenue recognised during the year		
Over a period of time basis	162.27	336.01
At a point-in-time basis	30.78	1,448.72
Total revenue	**193.05**	**1,784.73**
Geographical market of revenue recognised during the year		
Within India	193.05	1,784.73
Outside India	-	-
Total revenue	**193.05**	**1,784.73**

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, 2021	As at March 31, 2020
Trade receivables	33.54	126.12

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.

Notes to financial statements for the year ended March 31, 2021

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

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 difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

b) Other operating revenue

Particulars	March 31, 2021	March 31, 2020
Rental Income	-	42.80
Sale of scrap	18.22	7.66
Gain on sale of Stoves/Boilers	1.71	-
Total	**19.93**	**50.46**
Revenue from operations (net)	**212.98**	**1,835.19**

23 Other income

Particulars	March 31, 2021	March 31, 2020
Net gain on sale of current investments designated at FVPL	-	4.30
Interest Income on bank deposits	-	0.42
Fair value gain on financial instrument at fair value through profit & loss (net)	3.40	2.80
Miscellaneous income	58.87	5.75
Total	**62.27**	**13.27**

24 Cost of raw material and components consumed

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year	2.16	49.80
Add: Purchases	76.45	901.86
	78.61	**951.66**
Inventories at the end of the year	1.29	2.16
	77.32	**949.50**
Less: capitalised during the year	-	-
Total	**77.32**	**949.50**

25 (Increase) / decrease in inventories of finished goods

Particulars	March 31, 2021	March 31, 2020
Inventories at the beginning of the year		
Finished goods	3.27	85.84
	3.27	**85.84**
Less: inventories at the end of the year		
Finished goods	-	3.27
Spares	1.64	-
	1.64	**3.27**
	1.63	**82.57**

26 Employee benefits expense

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	15.68	298.47
Contribution to provident and other funds	2.45	15.64
Gratuity expense (Refer note 35)	-	7.63
Staff welfare expenses	-	4.44
	18.13	**326.18**

27 Finance costs

	March 31, 2021	March 31, 2020
Interest expense	165.75	165.24
	165.75	**165.24**

28 Depreciation,amortization expense and impairment

Particulars	March 31, 2021	March 31, 2020
Depreciation of tangible assets	99.01	264.02
Amortization of intangible assets	2.95	12.05
Impairment Loss (Note 42)	46.54	136.31
	148.50	**412.38**

29 Other expenses

Particulars	March 31, 2021	March 31, 2020
Freight and forwarding charges (net)	9.85	267.68
Site expenses and Contract labour charges	-	-
Travelling and conveyance	0.94	42.89
Consumption of stores and spare parts	-	25.07
Rent (note 34(a))	1.34	48.77
Rates and taxes	0.34	3.07
Legal and professional fees (Including payment to Auditors (Refer note 30)	31.03	13.04
Communication expenses	5.28	10.59
Advertisement and sales promotion	0.08	(5.49)
Boiler and Stove	0.59	28.93
Plant and machinery	1.10	1.31
Others	0.44	8.02
Bad debts written off	-	25.80
Provision for doubtful debts/deposits	21.38	10.56
Warehouse Expenses	-	8.96
Business promotion	-	5.70
Research and development expenses	-	1.15
Transportation	0.38	-
Power and fuel	-	0.95
Insurance	0.49	3.03
Loss on sale / discard of assets (net)	-	316.18
Printing and stationery	0.32	1.40
Office expenses	-	6.02
Interest under MSMED	-	0.05
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
Miscellaneous expenses (includes bank charges, commission & brokerage, rent collection charges, etc.)	3.98	2.62
	77.54	**959.19**

30 Payment to auditors

Particulars	March 31, 2021	March 31, 2020
As auditor		
Audit and limited review fee	3.00	3.18
Tax audit fee	0.75	0.68
Reimbursement of expenses	-	0.10
Total	**3.75**	**3.96**

Notes to financial statements for the year ended March 31, 2021

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

31 Earnings per share

Particulars	March 31, 2021	March 31, 2020
Net profit attributable to the Equity shareholders of the Company	(213.62)	(1,046.60)
Weighted average number of Equity shares of Rs.10/- each	13,466,365	13,466,365
Basic and Diluted EPS	(1.59)	(7.77)

32 Income Taxes

Deferred Tax asset has not been recognised in respect of depreciation and carried forward losses because of uncertainty of future taxable profit against which they can be realised.

33 Contingent Liabilities and commitments

Taxes

	March 31, 2021	March 31, 2020
Disputed demands in respect of Sales Tax/VAT	-	1.37

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, 2021	March 31, 2020
Lease payments-Up to 1 year	1.54	46.56
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 equipment to customers. The tenure of such lease agreements ranges from 1 to 5 years and achievement of targeted consumption volume of pellets.

	March 31, 2021	March 31, 2020
Lease received for the year	-	42.80

35 Provident Fund

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 1.11 (March 31, 2020 Rs. 7.63)

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 ESOP & Welfare Trusts, India
		Enrnxt Private Limited
		Thermax Sustainable Energy Solutions Ltd.
		Thermax Instrumentation Ltd.
		Thermax Engineering Construction Company Ltd.
		Thermax International Ltd.
		Thermax Europe Ltd.
		Thermax Inc.
		Thermax do Brazil 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 Cooling Solutions 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
		Thermax Thailand Limited
		Thermax International Tanzania Limited
		Thermax Instrumentation Ltd. – Philippines Branch
		Thermax Instrumentation Ltd. – Sharjah Branch
		Thermax Instrumentation Ltd. – Zambia Branch

b. Parent entities

Sr No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest		Type
			March 31, 2021	March 31, 2020	
1	Thermax Limited	India	100.00%	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.Rajendran Arunachalam -Nominee Director
2 Mr.Hemant Mohogaonkar -Nominee Director
3 Mr. Satish Chinchalkar - Manager
4 Ms. Sampada Sakhare - CS

Notes to financial statements for the year ended March 31, 2021

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

e. Transactions with Related parties:

Particulars	Holding Company		Entities Controlled by Holding company		Enterprises in which common Directors -Topwheelz Automotive Pvt Ltd		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
a. Transactions during the year												
Sales of products and services	-		64.92	9.10	-	-			-	-	64.92	9.10
Recovery of expenses from related parties	-	-	-	0.58	-	0.58			-	-	-	1.16
Purchase of Capital Equipment's	-	18.43	-	-					-		-	18.43
Reimbursement of expenses to related parties	-	33.41	-	-	-	-				0.06	-	33.47
Remuneration to key management personnel*	-	-	-	-	-	-			-	9.01	-	9.01

* 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		Enterprises over which control is exercised by Individuals having Significant influence over the company		Key Management Personnel and Individuals mentioned in E		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Balances as at the Year end												
Trade receivable	-	-	-	0.69					-	-	-	0.69
Trade payables and other Liabilities	879.77	656.99	-	-	-	-	-	-	-	-	879.76	656.98
Preference Shares (includes other equity)	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

37 I. Fair value measurements

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	1,949.30	1,895.30
Trade payable	83.07	431.93
Other liabilities	323.43	456.81
Total	**2,355.80**	**2,784.04**
Current liabilities	406.50	993.93
Non current liabilities	1,949.30	1,790.09
Total	**2,355.80**	**2,784.04**

Break-up of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	33.54	126.12
Loans	8.62	18.05
Other financial assets	1.01	1.01
Cash and cash equivalents	107.93	383.02
Bank balances other than cash and cash equivalents	0.83	0.83
Total	**151.93**	**529.03**
Current assets	151.93	529.03
Non-current assets	-	-
Total	**151.93**	**529.03**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
Investments		
Mutual funds	34.36	80.96
Total financial assets (Current)	**34.36**	**80.96**

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, 2021

	Date of valuation	Level 1	Level 2	Level 3
Financial assets				
Investments				
Mutual funds	31 March 2021	–	34.36	–

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	–

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

III Liquidity risk

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

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

Maturities of financial liabilities

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

March 31, 2021	On demand	< 1 year	1 to 3 years	3 to 5 years	> 5 years
Non- derivative					
Borrowings	-	-	411.62	1,537.68	-
Trade Payables	-	83.07	-	-	-
Other payables	-	323.43	-	-	-

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	-	-	-

38 Financial risk management

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, 2021 and March 31, 2020.

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, 2021.

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.

II Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Impact on profit before tax	
	March 31, 2021	**March 31, 2020**
Interest rate		
- Increase by 100 basis points	-	(15.35)
- Decrease by 100 basis points	-	15.35

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, 2021, the Company had that accounted for approximately 0.19% (March 20-24%) 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, 2021	**March 31, 2020**
Borrowings	1,949.30	1,895.30
Trade payables	83.07	431.93
Capital Creditors	255.95	267.60
Less: Cash and cash equivalents (includes other bank balances)	108.76	383.85
Net debt	**2,179.56**	**2,210.98**
Equity	(2048.60)	(1834.98)
Net Debt to Equity	**(1.06)**	**(1.20)**

Notes to financial statements for the year ended March 31, 2021

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

40 Disclosure for statement of Cash Flows-Ind AS -7

	March 31, 2020	Cash Flows	Acqui-sition	Foreign exchange movements	Fair value changes/ Accrual'	March 31, 2021
Equity component of preference shares	246.72	-	-	-	-	246.72
Long term Borrowings	1,790.09	(5.54)	-	-	164.75	1,949.30
Short term Borrowings/ Current liabilities	105.21	(105.21)	-	-	-	-
Total	**2,142.02**	**(110.75)**	**-**	**-**	**164.75**	**2,196.02**

41 Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management and have been relied upon by the auditors.

42 The Equity share capital of the Company is Rs. 1346.64 Lakhs and share premium is Rs.1171.48 Lakhs. However net worth is fully eroded at Mar-2021. The Company has incurred a loss of Rs.213.63 Lakhs during the year ended March 31, 2021.

Since, the Company was incurring operational losses since taken over by Thermax Ltd. hence from last financial year,, it 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 the Company, it has been decided to revalue all its remaining assets at realisable values and book all the related losses. Based on above explanation financials are prepared on Not going concern basis.

43 During the year ended March 31, 2021 the Management had assessed the recoverability of its tangible and intangible assets following continued losses on account of low volumn sales. Consequently its plant and equipment was impaired by Rs 8.45 lakhs and technical know how by Rs.38.09 lacs, based on net book value of assets less discounted future cash flows.

44 Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

45 The Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible and intangible assets, projection used to test for impairment of tangible as well as intangible assets.Considering the continuing COVID-19 pandemic, the result in the upcoming period may significantly vary and may affect the recoverability of assets and liabilities, However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company based on internal and external sources of information up to the date of approval of these financial statements, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended Mar 31, 2021 as at the date of approval of these financial statements.

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

Shirish Rahalkar
Partner
Membership No : 111212

Place: Pune
Date: July 5, 2021

For and on behalf of the Board of Directors of
First Energy Private Limited

Hemant Mohgaokar
Director
DIN :01308831

Rajendran Arunachalam
Director
DIN : 08446343

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, 2021.

THERMAX EUROPE LIMITED

Board of Directors	*Secretary*	*Registered Office*	*Registered Number*
Venkatesh Balasubramanian Sandeep S Mandke	Praxis Secretaries (UK) Limited	1st Floor Senator House 85 Queen Victoria Street London EC4V 4AB	03183441 (England and Wales)

Bankers	*Auditors*	*Senior Statutory Auditor*
HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR	Jeffcotes LLP Chartered Certified Accountants and Statutory Auditors 48 Warwick Street, London W1B 5AW	Joanne L Denman FCCA

Strategic Report

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their strategic report for the year ended 31 March 2021.

REVIEW OF BUSINESS

The performance for the financial year 20-21 has been in line with what was budgeted at the beginning of the year and better than the previous financial year.

The year closed with a turnover of £6.7 Million (previous year £5.0 Million). The pre-tax profit stands at £474,691 (previous year £138,219). The order booking for the year stands at £5.8 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 highlights of the year are a large order form a chemical company in Hungary and a large heat pump for a district heating project in Denmark.

The revenue for Service has been lower due to travel restrictions. However the spare parts has been in line with the overall business strategy.

The outlook for 2021-22 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 UK officially left the EU on 31 January 2020. The transition period that was in place - during which nothing changed - ended on 31 December 2020. The rules governing the new relationship between the EU and UK took effect on 1 January 2021. 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 the UK, does not import the goods to the UK unless the customer is UK based. However, they do have a small number of spare parts that are stocked in the UK and delivered to Europe. The directors and senior management have considered various potential impacts on the business and its operations in the period and adjudged these to be minimal.

COVID-19 Risk: The economic fallout due to the inital lockdowns across Europe and other territories have improved since the pandemic was first announced on 11 March 2020. Whilst the situation still has some inherent uncertainty, with many countries now undertaking vaccination roll-out programmes and easing of their economies, the directors consider that the impact and level of disruption on the Company's operations for the remainder of 2021 and into 2022 will not be significant. However they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

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 £2.2 Million + orders booked in April 2021 result in total orders booked of £2.4 Million which 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

29 April 2021

THERMAX EUROPE LIMITED

Report of the Directors

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2021.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2020 to the date of this report.

The directors shown below were in office at 31 March 2021 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2020 or 31 March 2021.

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 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

29 April 2021

Directors' Responsibilities Statement

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

– Enquiries were made of management relating to the key laws and regulations considered as being of significance to the reporting entity.

– We obtained an understanding of the entity's policies and procedures on compliance affecting the chiller business, including documentation of any instances of non-compliance.

– We made enquiries to obtain an understanding of the entity's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud.

– We undertook a review of a range of transactions and reviewed underlying documentation associated with these being mindful of discrepancies and potential errors, and made necessary enquiries of management in relation to the same.

– We made enquiries of management in relation to the situation presented by Covid-19, its potential impact on the business and steps taken in the challenges presented to remote working arrangements.

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 Jeffcotes LLP
Chartered Certified Accountants and Statutory Auditors
48 Warwick Street
London
W1B 5AW

Date: 29 April 2021

THERMAX EUROPE LIMITED

Income Statement for the year ended 31 March 2021

	Note	2021 £	2021 Rs Lacs	2020 £	2020 Rs Lacs
Revenue		**6,672,209**	**67 21.01**	5,014,838	47 04.82
Cost of sales		**5,332,027**	**53 71.03**	4,075,890	38 23.92
Gross profit		**1,340,182**	**13 49.98**	938,948	8 80.90
Administrative expenses		**888,386**	**8 94.88**	825,983	7 74.92
Operating profit	5	**451,796**	**4 55.10**	112,965	1 05.98
Other operating income		**13,550**	**13.65**	–	–
Interest receivable and similar income		**9,345**	**9.41**	25,254	23.69
		474,691	**4 78.16**	138,219	1 29.67
Profit before taxation		**474,691**	**4 78.16**	138,219	1 29.67
Tax on Profit	6	**90,261**	**90.92**	29,534	27.71
PROFIT FOR THE FINANCIAL YEAR		**384,430**	**3 87.24**	108,685	1 01.97

The notes form part of these financial statements

Exchange rate : as at 31 March 2021 is £= Rs 100.73

Exchange rate : as at 31 March 2020 is £= Rs 93.82

Other Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £	2021 Rs Lacs	2020 £	2020 Rs Lacs
Profit for the Year		**384,430**	**3 87.24**	108,685	1 01.97
Other Comprehensive Income		–	–	–	–
Total Comprehensive Income For The Year		**384,430**	**3 87.24**	108,685	1 01.97

Balance Sheet as at 31 March 2021

	Notes	2021 £	2021 Rs Lacs	2020 £	2020 Rs Lacs
Fixed assets					
Property, Plant and Equipment	7	**10,420**	**10.50**	4,233	3.97
Current assets					
Inventories	8	**502,690**	**5 06.37**	405,935	3 80.84
Debtors	9	**2,405,520**	**24 23.11**	4,213,135	39 52.68
Cash at bank and in hand		**4,168,893**	**41 99.38**	1,929,788	18 10.49
		7,077,103	**71 28.86**	6,548,858	61 44.01
Creditors:					
Amounts falling due within one year	10	**(761,909)**	**(7 67.48)**	(613,121)	(5 75.22)
Net current assets		**6,315,194**	**63 61.38**	5,935,737	55 68.79
Total assets less current liabilities		**6,325,614**	**63 71.88**	5,939,970	55 72.76
Provision for liabilities	12	**1,980**	**1.99**	766	0.72
Net Assets		**6,323,634**	**63 69.89**	5,939,204	55 72.04
Capital and reserves					
Called up share capital	13	**200,000**	**2 01.46**	200,000	1 87.64
Retained Earnings	14	**6,123,634**	**61 68.42**	5,739,204	53 84.41
Shareholders' funds		**6,323,634**	**63 69.89**	5,939,204	55 72.04

The financial statements were approved by the Board of Directors on 29 April, 2021 and were signed on its behalf by:

Sandeep Mandke
Director

Statement of Changes in Equity for the year ended 31 March 2021

	Called Up Share Capital £	Called Up Share Capital Rs Lacs	Retained Earnings £	Retained Earnings Rs Lacs	Total Equity £	Total Equity Rs Lacs
Balance at 1 April 2019	200,000	2 01.46	5,630,519	56 71.70	5,830,519	58 73.16
Change in Equity:						
Total comphrensive income	–	–	108,685	1 09.48	108,685	1 09.48
Balance at 31 March 2020	200,000	2 01.46	5,739,204	57 81.18	5,939,204	59 82.64
Changes in Equity:						
Total comphrensive income	**–**	**–**	**384,430**	**3 87.24**	**384,430**	**3 87.24**
Balance at 31 March 2021	**200,000**	**2 01.46**	**6,123,634**	**61 68.42**	**6,323,634**	**63 69.89**

Cash Flow Statement for the year ended 31 March 2021

	Note	2021 £	2021 Rs Lacs	2020 £	2020 Rs Lacs
Cash flow from operating activities					
Cash generated from operations	1	**1,052,683**	**10 60.38**	316,128	2 96.58
Tax Paid		**(33,814)**	**(34.06)**	(63,928)	(59.98)
Net cash from operating activities		**1,018,869**	**10 26.32**	252,200	2 36.61
Cash flow from investing activities					
Purchase of tangible fixed asset		**(11,531)**	**(11.62)**	(2,700)	(2.53)
Interest received		**9,345**	**9.41**	25,254	23.69
Sale of tangible fixed assets		–	–	583	0.55
Net cash from investing activities		**(2,186)**	**(2.20)**	23,137	21.71
Cash flow from financing activities					
New loans in year		–	–	1,322,422	12 40.67
Loan repayment in year		**1,222,422**	**12 31.36**	(1,309,099)	(12 28.17)
Net cash from financing activities		**1,222,422**	**12 31.36**	13,323	12.50
(Decrease)/Increase in cash and cash equivalents		**2,239,105**	**22 55.48**	288,660	2 70.82
Cash and cash equivalents at the beginning of the year	2	**1,929,788**	**19 43.90**	1,641,128	15 39.67
Cash and cash equivalents at the end of the year	2	**4,168,893**	**41 99.38**	1,929,788	18 10.49

Notes to the Cash Flow Statement for the year ended 31 March 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Profit before taxation	**474,691**	138,219
Depreciation charges	**5,345**	2,307
Profit on disposal of fixed assets	**–**	(571)
Finance income	**(9,345)**	(25,254)
	470,691	114,701
Increase in inventories	**(96,755)**	(133,112)
Decrease in trade and other debtors	**1,053,568**	1,573,087
Decrease in trade and other creditors	**(374,821)**	(1,238,548)
Cash generated from operations	**1,052,683**	316,128

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:

	31.3.21	1.4.20
	£	£
Year ended 31 March 2021		
Cash and cash equivalents	**4,168,893**	1,929,788

	31.3.20	1.4.19
	£	£
Year ended 31 March 2020		
Cash and cash equivalents	**1,929,788**	1,641,128

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20	Cash flow	At 31.3.21
	£	£	**£**
Net cash			
Cash at bank and in hand	1,929,788	2,239,105	**4,168,893**
	1,929,788	2,239,105	**4,168,893**
Total	1,929,788	2,239,105	**4,168,893**

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2021

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

Government grants

Covid-19 related Job Retention Scheme and Business Rates Relief government grants are included in the 'other operating income' line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The grants are recognised under the performance model and the income recognised over the period of furlough on a straight-line basis.

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock: The Company makes a periodic estimation of any possible impairment to stock taking into account a number of factors including: its commercial value in the current market; signs of significant or irreparable damage; and any potential items considered to be worth less than cost or deemed worthless. When assessing the carrying value of the stock, these factors are taken into consideration.

Debtors: The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the potential impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and the historical experience of the relationship with that debtor. Please also refer to 9 for the net carrying amount of the debtors and any associated impairment provision.

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	**328,397**	312,614
Social security costs	**32,276**	35,137
Other pension costs	**12,115**	12,718
	372,788	360,469

The average number of employees during the year was as follows:

	2021	2020
	£	£
Director	**2**	2
Admin	**8**	8
	10	10
Directors' remuneration	**–**	–
	–	–

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Other operating leases	**12,148**	11,870
Depreciation - owned assets	**5,344**	2,307
Profit on disposal of fixed assets	**–**	(571)
Auditors' remuneration	**9,663**	8,490
Foreign exchange differences	**102,300**	(97,095)
Vehicle operating leases	**15,781**	20,599
Overseas office lease	**5,793**	–

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	**89,047**	28,768
Deferred tax	**1,214**	766
Tax on profit	**90,261**	29,534

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:

	2021	2020
	£	£
Profit before tax	**474,691**	138,219
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	**90,191**	26,262
Effects of:		
Expenses not deductible for tax purposes	**69**	–
Capital allowances in excess of depreciation	**(1,213)**	(191)
Bad debt provision	**–**	2,697
Deferred tax	**1,214**	766
Total tax charge	**90,261**	29,534

7. PROPERTY, PLANT AND EQUIPMENT

	Plant & machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1 April 2020	731	6,381	13,261	20,373
Additions	986	6,014	4,531	11,531
Disposals	–	–	(3,940)	(3,940)
At 31 March 2021	**1,717**	**12,395**	**13,852**	**27,964**
DEPRECIATION				
At 1 April 2020	259	6,109	9,772	16,140
Charge for year	327	1,404	3,613	5,344
Eliminated on disposal	–	–	(3,940)	(3,940)
At 31 March 2021	**586**	**7,513**	**9,445**	**17,544**
NET BOOK VALUE				
At 31 March 2021	**1,131**	**4,882**	**4,407**	**10,420**
At 31 March 2020	472	272	3,489	4,233

8. INVENTORIES

	2021	2020
	£	£
Stocks and consumables	**502,690**	405,935

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	**1,909,256**	2,071,204
Amounts owed by group undertakings	**473,815**	852,050
Loans & Advances to Associates	**–**	1,222,423
Other Debtors	**7,525**	4,028
Tax	**–**	21,294
VAT	**–**	28,206
Prepayments	**14,924**	13,930
	2,405,520	4,213,135

For trade debtors please refer to note 15.

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

	2021	2020
	£	£
Trade creditors	**49,958**	23,819
Amounts owed to group undertakings	**281,531**	11,058
Tax	**33,939**	–
Social security and other taxes	**11,987**	12,910
VAT	**5,564**	–
Customer advance payments	**97,289**	307,281
Accrued expenses	**281,641**	258,053
	761,909	613,121

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	**23,865**	20,688
Between one and five years	**16,446**	10,191
	40,311	30,879

In relation to the disclosure of operating leases the Company has updated comparative information to be consistent with the current year.

12. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax	**1,980**	766

Deferred tax	
Balance at 1 April 2020	**766**
Provided during year	**1,214**
Balance at 31 March 2021	**1,980**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	**Class**	**Nominal value**	**2021**	**2020**
200,000	Ordinary	£1	**200,000**	200,000

14. RESERVES

	Retained earnings
	£
At 1 April 2020	5,739,204
Profit for the year	384,430
At 31 March 2021	**6,123,634**

15. CONTINGENCY

An amount of £808,579 included in trade debtors at the balance sheet date is currently in dispute and may not be settled in full due to settlement negotiations currently in progress. At this time, the directors are unable to quantify with any certainty the amount that may not be received. The parent company has agreed to underwrite any loss to the Company arising from potential non-payment and as such no provision has been made against any proportion of the balance owing.

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 £160,052 (2020: £659,165) from Thermax Limited.

During the year Thermax Europe Limited made sales amounting to £99,547 (2020: £90,181) to Danstoker A/S.

Purchases were made in the year from Thermax Limited of £4,903,096 (2020: £3,607,163), Danstoker A/S £Nil (2020: £2,424), and Rifox-Hans Richter Gmbh £210,676 (2020: £166,100).

At 31/03/2021 Thermax Europe Limited was owed £253,790 (2020: £478,748) from Thermax Limited and £220,025 (2020: £373,302) from Danstoker A/S.

Thermax Europe Limited also owed £281,531 (2020: £1,761) to Thermax Limited and £Nil (2020: £9,297) to Danstoker A/S.

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). This was repaid in full during the accounting period ending 31/03/2021.

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
(Date appointed : 21-Feb-00; Date resigned : 12-Jan-15)
Mrs Meher Pudumjee
(Date appointed : 21-Jul-00; Date resigned : 12-Jan-15)
Mr Yuvraj Thacoor
(Date appointed : 15-May-03; Date resigned : 23-Jan-15)
Mr A. Sattar Hajee Abdoula
(Date appointed : 04-Jan-08; Date resigned : 23-Jan-15)
Mr Gajanan Kulkarni
(Date appointed : 12-Jan-15; Date resigned : 21-Dec-15)
Mr Amit Govind Atre
(Date appointed : 15-Mar-16; Date resigned : 12-Jan-17)
Mr Amitabha Mukhopadhyay
(Date appointed : 12-Jan-15; Date resigned : 31-May-19)
Mr Shailesh Bhalchandra Nadkarni
(Date appointed : 12-May-17; Date resigned : 24-Sept-19)
Ms Farhana Alimohamed
(Date appointed : 23-Jan-15)
Mr Nundan Sharma Doorgakant
(Date appointed : 23-Jan-15)
Mr Rajendran Arunachalam
(Date appointed : 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

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 2021.

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 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 2021.

for **Anex Management Services Ltd**
Corporate secretary

Date: 5 May 2021

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 2021, 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 2021, 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.

Auditors' Responsibilities for the audit of the Financial Statements

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: 5 May 2021

THERMAX INTERNATIONAL LIMITED

Statement of Financial Position as at 31 March 2021

PARTICULARS	Notes	2021		2020	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Non-current assets					
Investments	6	**639,048**	**4 67.18**	834,298	6 30.31
		639,048	**4 67.18**	834,298	6 30.31
Current assets					
Trade & other receivables		**1,632**	**1.19**	1,662	1.26
Cash and cash equivalent	7	**715,418**	**5 23.01**	824,229	6 22.71
Other receivables	8	**-**	**-**	31,745	23.98
		717,050	**5 24.20**	857,636	6 47.94
Total assets		**1,356,098**	**9 91.38**	1,691,934	12 78.26
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	9	**3,442,300**	**25 16.49**	3,442,300	26 00.66
Accumulated losses		**(2,591,877)**	**(18 94.79)**	(1,762,438)	(13 31.52)
		850,423	**6 21.70**	1,679,862	12 69.14
Current liabilities					
Trade and other payable		**5,675**	**4.15**	9,325	7.05
Accruals	10	**500,000**	**3 65.53**	2,747	2.08
		505,675	**3 69.67**	12,072	9.12
Total equity and liabilities		**1,356,098**	**9 91.38**	1,691,934	12 78.26

Approved by the Board of Directors on 5th May 2021 and signed on its behalf by:

Farhana Alimohamed
Director

Nundan Sharma Doorgakant
Director

The notes on page 12 to 23 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comphrensive Income for the year ended 31 March 2021

PARTICULARS	Notes	2021		2020	
		USD	Rs Lacs	USD	Rs Lacs
INCOME					
Dividend		**-**	**-**	134,385	1 01.53
Interest		**510**	**0.37**	4,131	3.12
		510	**0.37**	138,516	1 04.65
EXPENSES					
Management Fees		**3,500**	**2.56**	3,500	2.64
Licence Fees		**2,890**	**2.11**	2,480	1.87
Bank charges		**3,450**	**2.52**	4,225	3.19
Audit Fees		**2,000**	**1.46**	2,000	1.51
Accountancy Fees		**2,675**	**1.96**	2,675	2.02
Professional Fees		**3,200**	**2.34**	8,770	6.63
Taxation Fees		**1,000**	**0.73**	1,000	0.76
Impairment		**195,250**	**1 42.74**	-	-
Bad Debts		**475**	**0.35**	-	-
Other expense		**615,509**	**4 49.97**	50	0.04
		829,949	**6 06.73**	24,700	18.66
(Loss) / Profit before taxation		**(829,439)**	**(6 06.36)**	113,816	85.99
Taxation		**-**	**-**	2,747	2.08
Profit / (Loss) for the year		**(829,439)**	**(6 06.36)**	111,069	83.91
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		**(829,439)**	**(6 06.36)**	111,069	83.91

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11
Exchange Rate : as at 31 March 2020 is 1 US $ = Rs 75.55
The notes on page 12 to 24 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2021

	Stated Capital		Accumulated Losses		Total	
	USD	Rs Lacs	USD	Rs Lacs	USD	Rs Lacs
Balances at 1st April 2019	3,442,300	25 16.49	(1,873,507)	(13 69.63)	1,568,793	11 46.87
Profit for the year	-	-	111,069	81.20	111,069	81.20
Balances as at 31st March 2020	3,442,300	25 16.49	(1,762,438)	(12 88.43)	1,679,862	12 28.06
Balances at 1st April 2020	3,442,300	25 16.49	(1,762,438)	(12 88.43)	1,679,862	12 28.06
Profit for the year	-	-	(829,439)	(6 06.36)	(829,439)	(6 06.36)
Balances as at 31st March 2021	**3,442,300**	**25 16.49**	**(2,591,877)**	**(18 94.79)**	**850,423**	**6 21.70**

Statement of Cash Flows for the year ended 31 March 2021

PARTICULARS	2021		2020	
	USD	Rs Lacs	USD	Rs Lacs
Cash flows from operating activities				
(Loss)/Profit for the year	**(829,439)**	**(6 06.36)**	111,069	83.91
Adjustment for:				
Increase/ decrease in receivables and prepayments	**505**	**0.37**	(50)	(0.04)
(Increase)/ Decrease in accounts payables	**493,603**	**3 60.85**	6,397	4.83
Net cash from operating activities	**(335,331)**	**(2 45.14)**	117,416	88.71
Cash flows from investing activities				
Loan receivable	**31,270**	**22.86**	(31,270)	(23.62)
Investment in subsidiary	**195,250**	**1 42.74**	(96,953)	(73.25)
Net cash outflow from investing activities	**226,520**	**1 65.60**	(128,223)	(96.87)
Net Increase/(Decrease) in cash and cash equivalents	**(108,811)**	**(79.55)**	(10,807)	(8.16)
Cash and cash equivalents at beginning of the year	**824,229**	**6 02.55**	835,036	6 30.87
Cash and cash equivalents at end of year	**715,418**	**5 23.01**	824,229	6 22.71
Cash and cash equivalents made up of:				
Cash in hand	**67**	**0.05**	67	0.05
Bank balance	**715,351**	**5 22.96**	824,162	6 22.65
	715,418	**5 23.01**	824,229	6 22.71

The notes on page 12 to 24 form an integral part of these financial statements.

NOTES OF THE FINANCIAL STATEMENTS FOR THE YEAR FROM 31 MARCH 2021

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 2020

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 2020:

	Effective for accounting period beginning on or after
Interest Rate Benchmart Reform – Phase 2 – Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

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

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.

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

Income tax

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income, thus reducing its maximum effective tax rate to 3%. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income. No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

The Company has received a tax certificate from the Mauritian tax authorities that it is a tax resident of Mauritius, and such certification is renewed on an annual basis subject to satisfying certain conditions.

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the company on 19 November 2015. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 1 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the company satisfies certain conditions. The company will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

As from 1 July 2021, the company will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 1 January 2019, the company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the company may apply the credit system if it so wishes.

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 2021	31 March 2020
	USD	USD
Profit before taxation	(829,439)	113,816
Add: Unauthorised deduction		
Penalty	-	20
Impairment	195,250	-
Group expenses	615,509	-
Less: Exempt Income		
Interest income	-	(4,131)
Loss adjusted for tax purpose	(18,680)	109,705
Loss brought forward	-	(18,138)
Tax loss carried forward	(18,680)	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 2021	31 March 2020
	USD	USD
Investment at start	834,298	737,345
Disposal during the year	(195,250)	96,953
Investment at end	639,048	834,298

Name of entity	Country of incorporation	% Holding	Carrying amount 2021	Carrying amount 2020
Thermax Senegal SARL	SENEGAL	100%	-	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	138,275
			639,048	834,298

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 2021.

7. Cash and cash equivalent

	31 March 2021	31 March 2020
	USD	USD
Cash in hand	67	67
Bank	715,351	824,162
	715,418	824,229

8. Other receivables

	31 March 2021	31 March 2020
	USD	USD
Deposit	-	475
Receivable from subsidiary	-	31,270
	-	31,745

9. Stated capital

	31 March 2021	31 March 2020
	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 and accruals

	31 March 2021	31 March 2020
	USD	USD
Trade payables	5,675	9,325
Accruals	500,000	2,747

The figure includes USD 500,000 representing the tax liability of Thermax Senegal SARL.

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	Financial liabilities	Financial assets	Financial liabilities
	2021	2021	2020	2020
	USD	USD	USD	USD
Senegal XOF	-	500,000	195,250	-
Indonesian Rupiah	773	-	773	-
United States Dollars	1,215,418	5,675	1,355,974	12,072
Nigeria Naira	138,275	-	138,275	-
	1,354,466	505,675	1,690,272	12,072

(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 2021**		
Accruals	**Less than 1 year**	**Over 1 year**	**Total**
	USD	**USD**	**USD**
Accruals	505,675	-	505,675

Liabilities	**31 March 2020**		
Accruals	**Less than 1 year**	**Over 1 year**	**Total**
	USD	**USD**	**USD**
Accruals	12,072	-	12,072

(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 2021 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 2021, 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

The global outbreak of the novel Coronavirus (COVID-19) in early 2020 is causing major disruptions to both social and economic activities.

Whilst the situation still has some inherent uncertainty, with many countries now undertaking vaccination roll-out programmes and easing of their economies, the directors consider that the impact and level of disruption on the Company's operations for the remainder of 2021 and into 2022 will not be significant. However, they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

There has been no material event after reporting date, which would require disclosure or adjustment to the year ended 31 March 2021 financial statements.

THERMAX INC.

Board of Directors	*Registered Office*	*Auditors*	*Bankers*
Mr. B. Venkatesh Mr. Dinesh Mandhana Mr. Rajendran Arunachalam	16200, Park Row, Suite 190 Houston, Texas 77084	Plante & Moran, PLLC 27400 Northwestern Highway PO Box 307 Southfiled MI 48037 - 0307	JP Morgan Chase

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, 2021 and 2020 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, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

April 29, 2021

Balance Sheets March 31, 2021 and 2020

	2021		2020	
ASSETS	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT ASSETS				
Cash And Cash Equivalents	**5,448,160**	**39 82.88**	4,205,810	31 75.39
Certificates of deposit	**1,000,000**	**7 31.05**	–	–
Accounts Receivable				
Trade accounts receivable	**2,663,865**	**19 47.42**	2,968,045	22 40.87
Trade receivable from related parties (Note 6)	**244,839**	**1 78.99**	129,870	98.05
Inventory (Note 4)	**2,907,784**	**21 25.74**	2,638,395	19 91.99
Advances to affiliates	**561,300**	**4 10.34**	–	–
Other Current Assets:				
Accrued interest income	**355**	**0.26**	5,709	4.31
Refundable Tax	**144,991**	**1 06.00**	190,233	1 43.63
Deferred Tax Assets (Note 10)	**103,000**	**75.30**	136,000	1 02.68
Other Current Assets	**76,024**	**55.58**	109,357	82.56
Total Current Assets	**13,150,318**	**96 13.54**	10,383,419	78 39.48
Leased Assets - Operating lease	**121,632**	**88.92**	162,143	1 22.42
Property And Equipment, Net (Note 5)	**37,473**	**27.39**	43,748	33.03
Total Assets	**13,309,423**	**97 29.85**	10,589,310	79 94.93

See notes to financial statements

	2021		2020	
LIABILITIES AND STOCKHOLDER'S EQUITY	**USD**	**Rs Lacs**	USD	Rs Lacs
CURRENT LIABILITIES				
Accounts Payable:				
Trade accounts Payable	**163,797**	**1 19.74**	106,607	80.49
Trade payables to related parties (Note 6)	**2,643,909**	**19 32.83**	1,965,903	14 84.26
Short term liabilities	**82,311**	**60.17**	60,563	45.73
Accrued and other current liabilities:				
Provision for warranty and start-up costs (Note 8)	**188,250**	**1 37.62**	195,750	1 47.79
Customer Deposits and advances	**842,795**	**6 16.13**	511,915	3 86.50
Other Current Liabilities	**224,913**	**1 64.42**	160,181	1 20.94
Total Current Liabilities	**4,145,975**	**30 30.92**	3,000,919	22 65.69
Long-term Lease liability - Net of current position (Note 7)	**34,512**	**25.23**	104,060	78.57
Stockholder's Equity				
Common Stock - $10 Par Value				
50,000 shares Authorized, issued and Outstanding	**500,000**	**3 65.53**	500,000	3 77.50
Retained Earnings	**8,628,936**	**63 08.18**	6,984,331	52 73.17
Total Stockholder's Equity	**9,128,936**	**66 73.71**	7,484,331	56 50.67
Total Liabilities And Stockholder's Equity	**13,309,423**	**97 29.85**	10,589,310	79 94.93

THERMAX INC.

Statement of Operations for the years ended March 31, 2021 and 2020

	2021		2020	
	USD	**Rs Lacs**	USD	Rs Lacs
Revenue				
Operating Revenues	**20,763,059**	**151 78.83**	18,208,863	137 47.69
Other Revenues	**84,391**	**61.69**	156,001	1 17.78
Total Revenue	**20,847,450**	**152 40.53**	18,364,864	138 65.47
Costs of Revenue -Production	**16,500,946**	**120 63.02**	14,987,702	113 15.72
Gross Profit	**4,346,504**	**31 77.51**	3,377,162	25 49.76
Selling General and Administrative Expenses	**2,236,669**	**16 35.12**	2,656,169	20 05.41
Income- Before income taxes	**2,109,835**	**15 42.39**	720,993	5 44.35
Income Tax Expense (Note 10)	**465,230**	**3 40.11**	168,540	1 27.25
Net Income	**1,644,605**	**12 02.29**	552,453	4 17.10

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11

Exchange Rate : as at 31 March 2020 is 1 US $ = Rs 75.50

See notes to financial statements

Statement of Cash flows for the years ended March 31, 2021 and 2020

Particulars	2021		2020	
	USD	**Rs Lacs**	USD	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**1,644,605**	**12 02.29**	552,453	4 17.10
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation	**11,977**	**8.76**	11,829	8.93
Loss on disposal of assets	**652**	**0.48**	659	0.50
Bad debt expense	**(210,170)**	**(1 53.64)**	181,800	1 37.26
Amortisation of right of use asset	**79,537**	**58.15**	75,881	57.29
Deferred Income Taxes	**33,000**	**24.12**	(8,000)	(6.04)
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	**514,350**	**3 76.02**	(279,094)	(2 10.72)
Accounts receivable - Related parties	**(114,969)**	**(84.05)**	241,906	1 82.64
Inventory	**(269,389)**	**(1 96.94)**	71,186	53.75
Other Assets	**83,929**	**61.36**	(148,040)	(1 11.77)
Accounts payable	**57,190**	**41.81**	(136,192)	(1 02.82)
Accounts payable- Related Parties	**678,006**	**4 95.66**	(299,274)	(2 25.95)
Customer advances	**330,880**	**2 41.89**	195,423	1 47.54
Provision for warranty and start-up costs	**(7,500)**	**(5.48)**	23,900	18.04
Other liabilities	**64,732**	**47.32**	(161,019)	(1 21.57)
Lease liability	**(86,826)**	**(63.47)**	(73,401)	(55.42)
Advances to affiliates	**(561,300)**	**(4 10.34)**	–	–
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**2,248,704**	**16 43.92**	250,017	1 88.76
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**(6,354)**	**(4.65)**	(6,140)	(4.64)
Purchase of certificates of deposit	**(1,000,000)**	**(7 31.05)**	–	–
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,006,354)**	**(7 35.70)**	(6,140)	(4.64)
NET INCREASE IN CASH & CASH EQUIVALENTS	**1,242,350**	**9 08.22**	243,877	1 84.13
Cash & cash Equivalents - Beginning of year	**4,205,810**	**30 74.66**	3,961,933	29 91.26
Cash & cash Equivalents - End of year	**5,448,160**	**39 82.88**	4,205,810	31 75.39
Supplemental Cash Flow Information - Cash paid for Income Taxes	471,897	3 44.98	241,560	1 82.38
Significant Noncash Transactions - Recognition of right-of-use assets related to leased facilities	**39,026**	**28.53**	–	–

See notes to financial statements

Exchange Rate : as at 31 March 2021 is 1 US $ = Rs 73.11

Exchange Rate : as at 31 March 2020 is 1 US $ = Rs 75.50

Statement of Stockholder's Equity years ended March 31, 2021 and 2020

Particulars	Common Stock		Retained Earnings		Total	
	USD	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Balance - April 1, 2019	500,000	3 65.53	6,431,878	47 02.02	6,931,878	50 67.55
Net Income	–	–	552,453	4 03.87	552,453	4 03.87
Balance - March 31, 2020	500,000	3 65.53	6,984,331	51 05.90	7,484,331	54 71.42
Net Income	–	–	1,644,605	12 02.29	1,644,605	12 02.29
Balance - March 31, 2021	500,000	3 65.53	8,628,936	63 08.18	9,128,936	66 73.71

Notes to Financial Statements

March 31, 2021 and 2020

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 $2,645,176 and $868,990 during the years ended March 31, 2021 and 2020, respectively. Accounts receivable from this customer totaled $409,597 and $40,283 at March 31, 2021 and 2020, respectively.

The Company's chemical business segment includes sales to two customers totaling $8,743,800 and $7,001,147 for the years ended March 31, 2021 and 2020, respectively. Accounts receivable from these customers totaled $1,085,600 and $1,232,000 at March 31, 2021 and 2020, respectively.

Advertising Expense

Advertising expense is charged to income during the year in which it is incurred. Advertising and promotion expenses for the years ended March 31, 2021 and 2020 were $2,509 and $44,737, 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 that 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 with original maturities of three months or less when purchased 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.

Certificates of Deposit

Certificates of deposit consist of short-term investments with maturity greater than three months but less than one year as of March 31, 2021. There were no certificates of deposit held at March 31, 2020.

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 $22,117 and $248,050 at March 31, 2021 and 2020, 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.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. 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. While the Company's results of operations, cash flows, and financial condition were not significantly impacted, the extent of any future impact cannot be reasonably estimated at this time.

Subsequent Events

The financial statements and related disclosures include evaluation of events up to and including April 29, 2021, which is the date the financial statements were available to be issued.

Note 3 - 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, 2021 and 2020, the Company recognized revenue from contracts with customers as follows:

		2021		2020
Absorption chillers	$	**5,218,693**	$	4,034,624
Absorption chillers - Services/maintenance		**243,560**		42,040
Absorption chillers - Spare parts		**287,604**		128,812
Ion exchange resins		**15,013,202**		14,003,387
Total revenue from contracts with customers	$	**20,763,059**	$	18,208,863

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, 2021 and 2020 was $67,000 and $112,350, respectively.

The Company recognized impairment recoveries of $210,170 and impairment losses of $181,800 on its trade receivables for the years ended March 31, 2021 and 2020, respectively. Accounts receivable were $2,908,704, $3,097,915, and $3,242,527 as of March 31, 2021; March 31, 2020; and April 1, 2019, 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 is recognized at a point in time. The performance obligation for sale of spare parts is 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. There were no outstanding contract assets or contract liabilities related to startup service and maintenance contracts as of March 31, 2021; March 31, 2020; or April 1, 2019.

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 $842,795 and $511,915 as of March 31, 2021 and 2020, respectively. Customer advances totaled $316,492 as of April 1, 2019.

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 are 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 4 - Inventory

Inventory, net of reserves, at March 31, 2021 and 2020 consists of the following:

		2021		2020
Traded goods - Ion exchange resins and spare parts	$	**704,570**	$	1,011,176
Goods in transit - Ion exchange resins and chemicals		**1,509,514**		1,234,219
Goods in transit - Chillers		**693,700**		393,000
Total inventory	$	**2,907,784**	$	2,638,395

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. At March 31, 2021 and 2020, net inventory valued at $704,570 and $1,011,176, respectively, was located at outside warehouses.

At March 31, 2021 and 2020, the Company maintained a reserve for inventory obsolescence of $89,688 and $72,388, respectively.

Note 5 - Property and Equipment

Property and equipment at March 31, 2021 and 2020 are summarized as follows:

		2021		2020
Office equipment	$	**50,051**	$	48,847
Furniture and fixtures		**35,045**		35,045
Leasehold improvements		**9,379**		9,379
Total cost		**94,475**		93,271
Accumulated depreciation		**57,002**		49,523
Net property and equipment	$	**37,473**	$	43,748

Depreciation expense was $11,977 and $11,829 for the years ended March 31, 2021 and 2020, respectively.

Note 6 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Accounts Receivable and Advances

At March 31, 2021 and 2020, the Company had accounts receivable from related parties totaling $244,839 and $129,870, respectively, related to expenses paid by the Company on behalf of the related parties.

At March 31, 2021, the Company had advances to related parties totaling $561,300 related to the purchase of chillers for sale to the Company's customers. There were no advances to related parties at March 31, 2020.

Accounts Payable

At March 31, 2021 and 2020, the Company had accounts payable to related parties totaling $2,643,909 and $1,965,903, respectively.

Purchases

For the years ended March 31, 2021 and 2020, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $14,855,282 and $12,927,947, respectively.

Note 7 - 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. Operating lease expenses were $138,478 and $130,942 for the years ended March 31, 2021 and 2020, respectively.

The Company has made a policy election note to separate lease and nonlease 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
2022	$	90,102
2023		43,997
Total		134,099
Less amount representing interest		17,276
Present value of net minimum lease payments		116,823
Less current obligations		82,311
Long-term obligations under operating leases	$	34,512

Note 8 - 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 $188,250 and $195,750 at March 31, 2021 and 2020, respectively, for estimated chiller startup costs.

Note 9 - Line of Credit

The Company maintains a line of credit with maximum borrowings of $2,000,000 that matures on October 31, 2021. At March 31, 2021, 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 3.11 percent at March 31, 2021) or the prime rate plus 0.25 percent (an effective rate of 5.75 percent at March 31, 2021). 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, 2021 and 2020.

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 expires in December 2024.

Note 10 - 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:

		2021		2020
Current income tax expense	$	**432,230**	$	176,540
Deferred income tax (recovery) expense		**33,000**		(8,000)
Total income tax expense	$	**465,230**	$	168,540

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:

		2021		2020
Income tax expense - Computed at 21 percent of pretax income	$	**434,897**	$	151,404
State income taxes - Net of federal tax benefit		**30,729**		13,067
Nondeductible expenses and adjustments to prior year estimate - Net		**(396)**		4,069
Total income tax expense	$	**465,230**	$	168,540
The details of the net deferred tax asset are as follows:				
Deferred tax assets:				
Inventory reserve	$	**19,000**	$	18,000
Section 263A		**7,000**		6,000
Accrued bonuses		**13,000**		8,000
Other		**72,000**		112,000
Gross deferred tax assets		**111,000**		144,000
Deferred tax liabilities - Depreciation		**8,000**		8,000
Net deferred tax asset	$	**103,000**	$	136,000

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, 2017. There are no pending or ongoing tax examinations.

Note 11 - 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 proportionate share of operating activities. For the year ended March 31, 2021, the allocation was 72 percent to the chemical segment and 28 percent to the energy segment. For the year ended March 31, 2020, 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, 2021 and 2020:

	2021	2020
Chemical Segment		
Revenue from external customers	$ **15,013,202**	$ 14,003,387
Other revenue	**81,045**	85,161
Segment pretax profit	**1,869,984**	897,763
Segment assets	**4,287,342**	4,111,520
Segment liabilities	**2,050,980**	1,727,026
Energy Segment		
Revenue from external customers	**5,749,857**	4,205,476
Other revenue	**3,346**	70,840
Segment pretax profit (loss)	**239,851**	(176,770)
Segment assets	**2,093,717**	1,625,655
Segment liabilities	**1,943,637**	1,192,063

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2021 and 2020:

	2021	2020
Revenue by Country		
United States	$ **16,529,736**	$ 14,964,256
Mexico	**382,373**	513,000
Canada	**309,680**	225,066
Other	**3,625,661**	2,662,542
Total revenue	$ **20,847,450**	$ 18,364,864
Assets		
Total assets for reportable segments	$ **6,381,059**	$ 5,737,175
Unallocated amounts	**6,928,364**	4,852,135
Total assets	$ **13,309,423**	$ 10,589,310
Liabilities		
Total liabilities for reportable segments	$ **3,994,617**	$ 2,919,089
Unallocated amounts	**185,870**	185,890
Total liabilities	$ **4,180,487**	$ 3,104,979

Revenue is allocated based on the geographic location of the customers.

Note 12 - 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, 2021 and 2020, the Company made matching contributions totaling $23,228 and $22,962, respectively.

Note 13 - 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, 2021 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, 2021, 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, 22, 2021

THERMAX DO BRASIL - ENERGIA E EQUIPAMENTOS LTDA.

Statement of Income

For the year ended March 31, 2021

PARTICULARS	2021 BRL	2021 Rs Lacs	2020 BRL	2020 Rs Lacs
GROSS INCOME				
Sale of services	**126,352**	**16.40**	149,692	21.73
	126,352	**16.40**	149,692	21.73
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	**(22,904)**	**(2.97)**	(23,820)	(3.46)
Gross profit	**103,447**	**13.43**	125,872	18.27
OPERATING EXPENSES				
General and administrative expenses	**(85,391)**	**(11.08)**	(75,700)	(10.99)
Financial (expenses)/income	**13,809**	**1.79**	(2,479)	(0.36)
	(71,583)	**(9.29)**	(78,179)	(11.35)
Net Profit/Loss before Taxes	**31,865**	**4.14**	47,693	6.92
Taxes on income	–	–	–	–
Net Profit/(Loss)	**31,865**	**4.14**	47,693	6.92

Exchange Rate : As at 31 Mar 21 is 1 BRL = Rs 12.98

Exchange Rate : As at 31 Mar 20 is 1 BRL = Rs 14.52

Balance Sheet

Year Ended March 31, 2021

PARTICULARS	2021 BRL	2021 Rs Lacs	2020 BRL	2020 Rs Lacs
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1,087,130**	**1 41.12**	1,087,130	1 57.81
Accumulated losses	**(756,266)**	**(98.17)**	(788,131)	(1 14.41)
Total Funds Employed	**330,864**	**42.95**	298,999	43.40
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	–	–	–	–
Less: Depreciation	–	–	–	–
Net Block	–	–	–	–
Current Assets:				
Cash & Banks	**167,423**	**21.73**	33,501	4.86
Trade receivables	**76,726**	**9.96**	77,113	11.19
(-) Provision for doubtful Debts	**(25,284)**	**(3.28)**	(25,284)	(3.67)
Recoverable taxes	**11,743**	**1.52**	11,743	1.70
Account Receivable (Intercompany)	**136,466**	**17.72**	222,565	32.31
(-) Provision for losses	**(10,941)**	**(1.42)**	(10,941)	(1.59)
	356,134	**46.23**	308,697	44.81
Less : **Current Liabilities & Provisions :**				
Taxes payable	**26,497**	**3.85**	15,377	2.23
Other accounts payable	**8,701**	**1.26**	4,249	0.62
(-) Reversal Taxes (Bad Debts)	**(9,928)**	**(1.44)**	(9,928)	(1.44)
	25,270	**3.67**	9,698	1.41
Net Current Assets	**330,864**	**42.56**	298,999	43.40
Total Funds Applied	**330,864**	**42.56**	298,999	43.40

Statement of Changes in Quotaholders' Equity

Year Ended March 31, 2021

	Capital BRL	Capital Rs Lacs	Accumulated losses BRL	Accumulated losses Rs Lacs	Total BRL	Total Rs Lacs
Balances at April 1, 2020	1,087,130	1 41.12	(788,131)	(1 02.31)	298,999	38.81
Net Profit/(Loss) for the period	**-**	**-**	**31,865**	**4.14**	**31,865**	**4.14**
Balances at March 31, 2021	**1,087,130**	**1 41.12**	**(756,266)**	**(98.17)**	**330,864**	**42.95**

Statement of Changes in Financial Position

Year ended March 31, 2021

Sources	2021 BRL	2021 Rs Lacs	2020 BRL	2020 Rs Lacs
From Operations				
Net Profit/(loss) for the period	**31,865**	**4.14**	47,693	6.92
Expenses (incomes) that do not affect net working capital:				
Depreciation	–	–	–	–
Advance to Capital	–	–	–	–
Total sources	**31,865**	**4.14**	47,693	6.92
Applications	–	–	–	–
Reduction in net working capital	**31,865**	**4.14**	47,693	6.92

Statement of variation in net working capital

Sources	March 31, 2021 BRL	March 31, 2021 Rs Lacs	March 31, 2020 BRL	March 31, 2020 Rs Lacs	Variation BRL	Variation Rs Lacs
Current Assets	**356,134**	**46.23**	308,697	40.07	**47,437**	**6.16**
Current Liabilities	**25,270**	**3.28**	9,698	1.26	**(15,572)**	**(2.02)**
Net working capital	**330,864**	**42.95**	298,999	38.81	**31,865**	**4.14**

Notes to the Financial Statements

Year Ended March 31, 2021

(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	2021
Accounts receivable	**76.726,27**
(-)Provision for Doubtful Debts	**(25.283,53)**
Net accounts receivable	**51.442,74**

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consul thermos.

5. Accounts Receivable - Intercompany

Description	2021
Accounts receivable	**136.465,93**
Net accounts receivable	**136.465,93**

The amount of R$ 136.465,93 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	2021
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	2021
PIS	**4.187,98**
COFINS	**18.457,62**
ISS – SALES	**3.851,34**
(-)Reversal – Taxes – Bad Debts	**(9.927,66)**
Net Taxes and Contributions payable	**16.569,28**

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	2021
Rent	**1.800,00**
Reimbursement – Mr. Felipe	**5.101,17**
Audit Fee	**1.800,00**
TOTAL	**8.701,17**

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$ 126.351,66 as presented below:

Description	2021
Services Sales	**126.351,66**
Net sales	**126.351,66**

The services sales amounts were checked against the company's tax books and do not present differences.

11. Taxes incident on Services

The company's total taxes related to service, amounted to R$ 22.904,30, as presented below:

Description	2021
ISS - Sales	**10.875,88**
COFINS – Sales	**9.662,94**
PIS – Sales	**2.365,48**
TOTAL	**22.904,30**

12. Operating Expenses

The composition of the "Operating Expenses" account is presented below:

Description	2021
Rents/Condominium	**21.600,00**
Accounting Outsourcing	**41.600,00**
Third Part Services	**20.391,34**
Auditory	**1.800,00**
Total	**85.391,34**

13. Financial (expenses) income

The balance of the Financial (expenses) income and exchange variation income account is presented below:

Description	2021
Bank Expenses	**(6.654,07)**
Finance Income	**2,09**
Exchange Variation	**20.460,62**
Total	**13.808,64**

14 . Identified Contingencies

There are no identified tax and accounting contingencies for the year ended on March 31, 2021 (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, 22, 2021

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Supervisor

H.P Mohgaonkar

Registered Office

Linggongtong road no. 3333 in nahu district of Jiaxing,
Room 401-403, JRC building of Jiaxing technology city.
Post 314000

Auditors

Suzhou Zhongxin Union Accountant Office
(General Partnership)
Zhong Xin Shen Zi (2021) No. 014

Executive Directors

Mr. V. Balasubramanian

Bankers

Industrial and Commercial Bank of China
Citi Bank, China

General Manager

Mr. Dinesh Badgandi

AUDIT REPORT

ZHONG XIN SHEN ZI (2021) NO. 014

All shareholders of Thermax (Zhejiang) Cooling & Heating Engineering Company Limited:

I. Audit Opinions

We have audited the attached financial statements of T**hermax (Zhejiang) Cooling & Heating Engineering Limited Company** (hereinafter referred to as the "Company"), including the balance sheet as of December 31, 2020, and the Profit Statement, the Statement of Changes to the Owner's Equity and the Cash Flow Statement for 2020, and relevant Notes to the Financial Statements.

We believe that the attached financial statements are prepared in all material respects in accordance with the Accounting Standards for Business Enterprises, which fairly reflect the financial position as of December 31, 2020 and the operating results and cash flows for the year 2020.

II. Basis of Audit Opinions

We conducted audit in accordance with the provisions of China's Auditing Standards for Certified Public Accountants. The "Responsibility of Certified Public Accountants for Auditing Financial Statements" section of the Audit Report further explains our responsibilities under these standards. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled other responsibilities related to professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

III. Responsibilities of Management Layer and Governance Layer for Financial Statements

The management level of your Company (hereinafter referred to as the Management Layer) is responsible for preparing the financial statements in accordance with the provisions of the non-going concern assumption to achieve a fair reflection; and designing, implementing and maintaining necessary internal control to ensure no material misstatement in the financial statements due to fraud or error.

The governance layer is responsible for overseeing the financial reporting process of the Company.

IV. Responsibility of Certified Public Accountants for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable guarantee is a high-level guarantee, but there is no guarantee that material misstatements will always be discovered in the audit performed in accordance with auditing standards. Misstatements may be caused by fraud or error. If it is reasonably expected that an individual misstatement alone or aggregated misstatements may affect the financial decisions made by the financial statement users based on the financial statements, such misstatement(s) is generally considered to be significant.

We used professional judgment and maintained professional suspicion in the course of performing the audit in accordance with auditing standards. At the same time, we also did the following work:

(1) Identify and assess the risks of any material misstatement of financial statements due to fraud or error, design and implement audit procedures to address such risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omission, misrepresentation or override internal control, the risk of not discovering any material misstatement due to fraud is higher than that due to an error.

(2) Understand the internal control related to audit as to design appropriate audit procedures rather than for the purpose of issuing remarks on effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management team.

(4) Draw a conclusion of the appropriateness of the going concern assumption used by the management team. At the same time, based on the audit evidence obtained, make a conclusion as to whether there are significant uncertainties in the matters or circumstances that may cause significant doubts about the Company's ability to continue as a going concern. If we conclude that there are significant uncertainties, the auditing standards require us to draw the attention of users of the financial statements to relevant disclosures in the financial statements in the audit report; if the disclosures are not sufficient, we should issue a modified audit report. Our conclusions are based on information available as of the date of the audit report. Future events or circumstances may result in the Company not being able to continue as a going concern.

(5) Evaluate the overall presentation, structure and content (including disclosures) of the financial statements and evaluate whether the financial statements fairly reflect relevant transactions and matters.

We communicated with the governance team about planned audit scope, schedule and major audit findings, including the internal control deficiencies that are identified in our audit and worthy of attention.

V. Preparation Basis

We hereby remind users of financial statements to pay attention to the instructions of preparation basis in Note II to the Financial Statements. The financial statements of your company are prepared to meet the requirements of investors, so the financial statements may not be suitable for other purposes. However, the contents in this paragraph does not affect the released audit opinions.

Chinese CPA of Suzhou Zhongxin Union Accountant Office:

Jiangsu China

Report Date: March 26, 2021

Chinese CPA:

Balance Sheet as at 31 December 2020

PARTICULARS	2020		2019	
	RMB	**Rs Lacs**	RMB	Rs Lacs
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	**1,483,064**	**1 66.07**	3,174,071	3 25.35
Bill receivable	–	–	166,000	17.02
Accounts receivable	–	–	4,778,263	4 89.78
Other receivables	**100,000**	**11.20**	408,751	41.90
Advance to suppliers	–	–	178,556	18.30
Inventories	–	–	73,338	7.52
Prepaid expenses	**90,000**	**10.08**	30,025	3.08
Other current assets	**11,200**	**1.25**	–	–
TOTAL CURRENT ASSETS	**1,684,264**	**1 88.60**	8,809,005	9 02.94
NON-CURRENT ASSETS				
Fixed Assets – cost	–	–	68,352	7.01
Less: Accumulated depreciation	–	–	30,585	3.14
Fixed Assets – Net book value	–	–	37,767	3.87
Less : Provision for impairment of fixed assets	–	–	34,350	3.52
Fixed Assets Net	–	–	3,418	0.35
TOTAL NON–CURRENT ASSETS	–	–	3,418	0.35
TOTAL ASSETS	**1,684,264**	**1 88.60**	8,812,422	9 03.29
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	–	–	1,169,474	1 19.87
Taxes payable	–	–	10,860	1.11
Other amounts payables	–	–	34,302	3.52
Accrued expenses	–	–	4,492,653	4 60.51
TOTAL CURRENT LIABILITIES	–	–	5,707,290	5 85.01
OWNER'S EQUITY				
Paid in capital	**108,989,317**	**122 04.30**	108,989,317	111 71.62
Accumulated losses	**(107,305,054)**	**(120 15.70)**	(105,884,185)	(108 53.34)
TOTAL OWNER'S EQUITY	**1,684,264**	**1 88.60**	3,105,133	3 18.28
TOTAL LIABILITIES AND OWNER'S EQUITY	**1,684,264**	**1 88.60**	8,812,422	9 03.29

Statement of changes in Equity for the year ended 31 December 2020

PARTICULARS	Share Capital 2020		Accumulated Losses 2020		Total 2020	
	RMB	**Rs Lacs**	**RMB**	**Rs Lacs**	**RMB**	**Rs Lacs**
Balances at 1 January 2020	108,989,317	122 04.30	(105,884,185)	(118 56.59)	**3,105,133**	**3 47.70**
Profit for the current period	–	–	(1,420,869)	(1 59.10)	**(1,420,869)**	**(1 59.10)**
Balances at 31 December 2020	**108,989,317**	**122 04.30**	**(107,305,054)**	**(120 15.70)**	**1,684,264**	**1 88.60**

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

Income Statement for the year ended 31 December 2020

PARTICULARS	2020		2019	
	RMB	Rs Lacs	RMB	Rs Lacs
Revenue from main operations	–	–	3,295,890	3 37.84
Revenue from other operations	**89,381**	**10.01**	3,179,549	3 25.91
Less : Cost of main operations	–	–	4,128,314	4 23.16
Cost of other operations	**(820,230)**	**(91.85)**	2,049,896	2 10.12
Taxes and surcharge	–	–	366,106	37.53
Operation expenses	–	–	179,212	18.37
General and administrative expenses	**2,594,694**	**2 90.55**	10,938,020	11 21.17
Financial expenses	**65,905**	**7.38**	971,661	99.60
Loss from Operations	**(1,750,989)**	**(1 96.07)**	(12,157,770)	(12 46.20)
Add: Revenue from subsidies	–	–	11,428	1.17
Non–operating revenue	**588,452**	**65.89**	1,762,064	1 80.62
Less: Non–operating expenses	**258,332**	**28.93**	2,122,059	2 17.52
Loss before tax	**(1,420,869)**	**(1 59.10)**	(12,506,337)	(12 81.92)
Income tax	–	–	–	–
Net loss for the year	**(1,420,869)**	**(1 59.10)**	(12,506,337)	(12 81.92)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2020 is 1 RMB = Rs 11.20

Exchange rate : as at 31 December 2019 is 1 RMB = Rs 10.25

Cash Flow Statement for the year ended 31 December 2020

PARTICULARS	2020		2019	
	RMB	Rs Lacs	RMB	Rs Lacs
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	**11,987**	**1.34**	14,123,916	14 47.73
Refund of taxes	–	–	234,245	24.01
Other cash received relating to operating activities	**1,240,823**	**1 38.94**	109,070	11.18
Cash paid for goods & services	–	–	(14,996,101)	(15 37.13)
Cash paid to & on behalf of employees	**(645,482)**	**(72.28)**	(8,841,200)	(9 06.24)
Other cash paid relating to operating activities	**(2,250,347)**	**(2 51.99)**	(5,981,289)	(6 13.09)
Net cash used in operating activities	**(1,643,017)**	**(1 83.98)**	(15,351,360)	(15 73.55)
Less : Payment of all types of taxes		–	985,353	1 01.00
Net cash used in operating activities	**(1,643,017)**	**(1 83.98)**	(16,336,713)	(16 74.55)
Cash Flows from Investing activities				
Net cash received from disposal of Fixed Assets, Intangible Assets and other long term assets	–	–	24,746,452	25 36.56
Net cash used in investing activities	–	–	24,746,452	25 36.56
Cash Flows from Financing activities				
Cash Received from investors	–	–	7,040,500	7 21.67
Cash Received from borrowings	–	–	43,179,855	44 26.02
Repayment of borrowings	–	–	(62,236,387)	(63 79.35)
Cash paid for distribution of dividends or profits and for interest expenses	–	–	(903,445)	(92.60)
Net cash received in financing activities	–	–	(12,919,477)	(13 24.27)
Effect of Foreign exchange rate changes on cash and cash equivalents	**(47,990)**	**(5.37)**	(76,273)	(7.82)
Net increase/(decrease) in cash at banks and in hand	**(1,691,007)**	**(1 89.35)**	(4,586,010)	(4 70.08)
Cash at banks and in hand at beginning of year	**3,174,071**	**3 55.42**	7,760,081	7 95.42
Cash at banks and in hand at end of year	**1,483,064**	**1 66.07**	3,174,070	3 25.35

Notes to the Financial Statements

For the year ended Dec. 31, 2020

(Unless otherwise specified, all amounts are in RMB)

I. OVERVIEW OF THE COMPANY

Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (hereinafter referred to as the Company), formerly known as Thermax Cooling & Heating Engineering (Jiaxing) Co., Ltd., is a foreign-invested enterprise established solely by Thermax Co., Ltd. upon approval by the Zhejiang Provincial People's Government on December 14, 2006 with the approval certificate [2006] No. 03662 and was registered in Jiaxing Administration for Industry and Commerce on December 15, 2006, and obtained the business license of enterprise legal person No. 33040040008751, and changed to the unified social credit code 91330400796482294P in October, 2015. Scope of Business: sales and after-sales services of refrigeration equipment, boiler and waste heat recovery equipment, water treatment and sewage treatment equipment, air purification equipment, electromechanical equipment and parts; engaged in import and export of goods and technologies; commission agent (except auction); technical development, technical consultation and technical services in the fields of hardware and electric materials; consultation of enterprise management; marketing planning, technical consultation in the fields of information technology and network technology; installation and maintenance services of automatic control system. The enterprise has branches to produce: refrigeration equipment, boiler and waste heat recovery equipment, water treatment and sewage treatment equipment and air purification equipment. (Items to be operated, if stipulated by law to be prior examined and approved by the relevant departments, shall not be operated unless so examined and approved)

The original registered capital of the company is $8 million USD, and the paid-in capital is $8 million USD. According to the shareholders' decision and upon approval by Jia Kai Guan [2008] No. 96 Document of Jiaxing Economic Development Zone Management Committee in 2008, the Company increased its registered capital by $3.47 million USD, all of which were contributed by Thermax Co., Ltd.. According to the shareholders' decision and upon approval by Jia Kai Guan [2011] No. 296 Document of Jiaxing Economic Development Zone Management Committee on October 19, 2011, the Company increased its registered capital by $2 million USD, all of which were contributed by Thermax Co., Ltd.. According to the shareholders' decision made on August 08, 2018, the Company increased its registered capital by $1 million USD, all of which were contributed by Thermax Co., Ltd.. In October, 2019, the Company increased its registered capital by $1 million USD, all of which were contributed by Thermax Co., Ltd..

As of December 31, 2020, the registered capital of the Company is $15.47 million USD, and the paid-in capital is $15.47 million USD. Thermax Co., Ltd. holds 100% equity of the Company.

II. PREPARATION BASIS OF FINANCIAL STATEMENTS

According to the decision made at the shareholders' meeting of the company on October 10, 2020: it is decided to cancel the company for liquidation, then this financial statement is prepared on the basis of the basic assumption of non-sustainable operation this year.

III. MAIN IMPORTANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES ADOPTED BY THE COMPANY

(I) Accounting Standards and Accounting System

The Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises and its supplementary provisions are implemented.

(II) Fiscal Year

The fiscal year of the Company starts on January 1 and ends on December 31 of the Gregorian calendar.

(III) Bookkeeping Currency

Renminbi is adopted as the functional currency for bookkeeping.

(IV) Accounting Basis and Valuation Principles

The Company takes accrual basis as bookkeeping basis and historical cost as valuation principle.

(V) Accounting Methods for Foreign Currency Business

For the foreign currency businesses, the market exchange rate (middle price) published by the People's Bank of China on the 1st day of the current month shall be converted into Renminbi for bookkeeping. The close balance of foreign currency in various foreign currency accounts must be adjusted according to the closing market exchange rate (middle price). If the difference is related to the purchase and construction of fixed assets and before it reaches the intended usable state, it should be included in the purchase and construction cost of relevant fixed assets; the long-term deferred expenses unrelated to the purchase and construction of fixed assets are included in the preparation period, and those included in the current financial expenses are included in the production and operation period.

(VI) Determination Criteria for Cash and Cash Equivalents

Cash equivalents refer to investments held by an enterprise with short term (generally, due within 3 months from the date of purchase), strong liquidity, easy conversion into cash with known amount and little risk of value change.

(VII) Bad Debt Accounting Methods

1. The Allowance Method shall be taken for accounting the bad debts. Provision is withdrawn as bad debt reserve by the account age analysis method. According to the financial status and cash flow of the debt unit, the company accrued by the Specific Affirmation Method, and determined that the specific withdrawal ratio is: if it exceeds the collection period for 1-2 years, it is accrued by 50% of its balance; if exceeding 2 years, it is accrued by 100% of the balance.
2. The recognition standard of bad debts is:
   (1) After the debtor goes bankrupt or dies, the bad debt can't be recovered after being paid off with its bankruptcy property or estate;
   (2) The debtor fails to fulfill its repayment obligations within the time limit, and there is obvious characteristics indicating that the bad debt cannot be recovered if confirmed as uncollectible, shall, upon approval, be treated as losses on account recovery, and the provision for bad debts withdrawn shall be written off.

(VIII) Method for Accounting of Inventories

1. Inventory includes finished products or commodities held for sales in the normal production and operation process, or in-process products that are still in the production process for sales, or materials and materials that will be consumed in the production process or the supply of labor services.
2. Inventory is priced at its actual cost.

   The purchased and accepted incoming raw materials are recorded according to the actual cost, and the dispatched raw materials are accounted by the Moving Average Method; the warehoused finished products (self-made semi-finished products) are recorded according to the actual production cost, and the outgoing finished products (self-made semi-finished products) are accounted by the Specific-Unit-Cost Method; the low-value consumables requisitioned are amortized at one time. Packaging requisitioned for production is directly included in the cost.
3. The inventory method of inventory quantity is the Perpetual Inventory System.
4. For the unrecoverable part of inventory cost caused by damage to inventory, total or partial obsolescence and sales price lower than cost, provision for inventory depreciation should be made according to the difference between the cost of a single inventory item and the net realizable value. However, for materials held for production, if the net realizable value of finished products produced by them is higher than the cost, the materials are still measured at cost; if the decrease of material price indicates that the net realizable value of finished products is lower than the cost, the material is measured by the net realizable value.

(IX) Accounting Methods for Fixed Assets and Depreciation

1. Standard for Fixed Assets

   Houses, buildings, machines, machinery, means of transport and other equipment, appliances and tools related to production and operation with a service life of more than one year, and articles that are not the main equipment of production and operation with a unit value of more than 2,000 CNY and a service life of more than two years are fixed assets.
2. Main Methods for Valuation of Fixed Assets:
   (1) For the purchased fixed assets that can be used without the construction process, the actual purchase price, packaging fee, transportation fee, installation cost and relevant taxes paid are the entry values;
   (2) For self-built fixed assets, all expenses incurred before the construction of the assets reaches the intended usable state are the entry values;

(3) The fixed assets invested by investors are the entry values confirmed by the respective investor parties;

(4) The entry values of the fixed assets acquired by the debtor with non-cash assets to offset the debts or exchanged for non-monetary transactions accepted by the enterprise are determined by the method stipulated by the standards for debt restructuring and non-monetary transactions.

3. The depreciation of fixed assets is achieved by the Composite Life Method. The depreciation life and annual depreciation rate are determined at the premises of not considering the impairment provision according to the fixed asset category, estimated service life and estimated net salvage value rate (10% of the original value) as follows:

Categories of Fixed Assets	Depreciation Life (Years)	Annual Depreciation Rate (%)
Houses and buildings	20	4.5
Mechanical equipment	10	9
Electronic equipment	3 - 5	18 -30

4. At the end of the period, if the recoverable amount of fixed assets is lower than the book value due to the continuous decline of market price, outdated technology, damage or long-term idleness, etc., the impairment provision of fixed assets shall be withdrawn according to the difference between the recoverable amount of individual assets and the book value of fixed assets.

(X) Accounting Methods for Projects under Construction

1. The construction in progress is computed by the actual cost.

2. A project under construction, if reaching the expected usable state, is transferred into a fixed asset by the actual cost of the project. If the completion settlement has not been completed, the project must be transferred to fixed assets according to the estimated value, and then adjusted after the actual value is determined.

3. At the end of the period, in case of one or more of the following circumstances, the impairment provision for construction in progress must be withdrawn according to the difference between the recoverable amount of any single asset and the book value of the construction in progress:

(1) The project has been suspended for a long time and is not expected to be restarted in the next 3 years;

(2) The project has fallen behind in both performance and technology, and the economic benefits to be brought to the enterprise are highly uncertain;

(3) Other circumstances sufficient to prove that the project under construction has been impaired.

(XI) Method for Accounting of Intangible Assets

1. Intangible assets are entered into account at the actual cost at the time of acquisition.

2. Intangible assets should be amortized equally in installments within the expected service life from the month of acquisition, and included in profit or loss.

If the estimated service life exceeds the beneficial life stipulated in the relevant contract or the effective life stipulated by law, the amortization life of the intangible asset should be determined by the following principles: (1) If the contract stipulates the benefit period but the law does not stipulate the effective period, the intangible asset are amortized according to the benefit period stipulated in the contract; (2) If the contract does not stipulate the benefit period but relevant laws stipulate the effective period, the intangible asset are amortized by the effective period stipulated by law; (3) If the contract stipulates the beneficial period and the law also stipulates the effective period, the intangible asset are amortized by the shorter of the beneficial period and the effective period.

Where the contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period shall not exceed 10 years.

If it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise, the book value thereof will be transferred to the current management expenses.

3. Check the ability of intangible assets to bring future economic benefits to the company at the end of the period, and withdraw the impairment reserve of intangible assets by the difference between the estimated recoverable amount of individual intangible asset and its book value.

(XII) Long-Term Deferred Expenses

1. Long-term deferred expenses are entered into account by the actual amount, and are amortized equally in installments within the benefit period of expense items.

2. The expenses incurred during the preparatory period (except for the purchase and construction of fixed assets) should first be placed in the long-term deferred expenses, and included in the profit and loss at one time in the month when the production and operation start.

(XIII) Principles for Recognition of Revenues

1. Sales of Commodities

The realization of operating income is recognized when the main risks and rewards of commodity ownership are transferred to the buyer, the Company no longer exercises the continuous management right and actual control right over such commodity, the relevant revenue has been received or there is evidence proving the collection of such revenue, and the cost related to selling the commodity can be reliably measured.

2. Rendering of Labor Services

(1) If the labor service is started and completed in the same year, the revenue from labor service is confirmed when the labor service has been provided, the price is received or the evidence of payment is obtained.

(2) If the start and completion of labor services respectively fall into different accounting years, when the total revenue of labor contract and the completion degree of labor services can be reliably determined, the price related to the transaction can flow in, and the cost already incurred and the cost to be incurred for the completion of labor services can be reliably measured, the revenue from labor service will be recognized according to the completion percentage method.

(XIV) Accounting Treatment Method of Enterprise Income Tax

Enterprise income tax is computed by the tax payable method.

IV. ITEMS OF TAX (FEE)

(I) VAT

The output tax rate of VAT is 13%, which is paid after deducting the input tax according to regulations.

(II) City Construction Tax

It is computed and paid at the tax rate of 7% of turnover tax payable.

(III) Education Surcharge

It is computed and paid at the rate of 3% of turnover tax payable.

(IV) Local Educational Surcharges

It is computed and paid at the rate of 2% of turnover tax payable.

(V) Enterprise Income Tax

According to the taxable income, the tax rate is 25%.

V. PROFIT DISTRIBUTION

The company has no profit distribution items in 2020.

VI. NOTES TO FINANCIAL STATEMENT ITEMS

(I) Notes to Items in Balance Sheet

1. Monetary Capital: Close Balance: 1,483,063.66 CNY, of which:

(1) Details

Item	Close balance	Open balance
Cash	**3,105.24**	4,316.73
Bank deposit	**1,479,958.42**	3,169,754.21
Total	**1,483,063.66**	3,174,070.94

(2) Foreign Currency Situation

Currency	Close balance			Open balance		
	Original currency	Exchange rate for conversion	Converted to CNY	Original currency	Exchange rate for conversion	Converted to CNY
US Dollar	**107,131.76**	**6.5249**	**699,024.02**	87,377.23	6.9762	609,561.03
EUR	–	–	–	–	–	–
AUD	**22.94**	**5.0161**	**115.07**	22.94	4.8843	112.05

2. Other receivables **Close amount 100,000.00 CNY**

(1) Account Age Analysis

Account Age	Close balance			Open balance		
	Amount	Proportion in total amount, %	Bad Debt Provision	Amount	Proportion in total amount, %	Bad Debt Provision
Within 1 year	**100,000.00**	**100.00**	–	345,950.58	84.64	–
1-2 years	–	–	–	27,800.00	6.80	–
2-3 years	–	–	–	30,000.72	7.34	–
More than 3 years	–	–	–	5,000.00	1.22	–
Total	**100,000.00**	**100.00**	–	408,751.30	100.00	–

(2) The units with large year-end balance of other receivables are listed as follows:

Unit Name	Amount at the end of the period
Asset disposal has not been invoiced	**100,000.00**

3. Prepayments **Close amount 90,000.00 CNY**

(1) Account Age Analysis

Account Age	Close balance		Open balance	
	Amount	Proportion in total amount, %	Amount	Proportion in total amount, %
Within 1 year	**90,000.00**	**100.00**	96,287.32	53.93
1-2 years	–	–	44,118.53	24.71
More than 3 years	–	–	38,150.00	21.36
Total	**90,000.00**	**100.00**	178,555.85	100.00

(2) The units with large year-end balance of prepayments are listed as follows:

Unit Name	Amount at the end of the period	Nature
Shanghai Xianwu Electromechanical Equipment Engineering Co., Ltd.	**900,000.00**	Payment for goods

(3) There are no accounts of shareholders or related parties holding more than 5% (including 5%) of voting shares of the company in the prepayments at the end of the year.

4. Other current assets **Close amount 11,200.00 CNY**

Item	Close balance	Open balance
Expenses to be amortized - house rent	**11,200.00**	30,024.84
Tax allowance	–	–
Others	–	–
Total	**11,200**	30,024.84

5. Paid-in Assets: **close amount: 108,989,317.37 CNY**

Investors	Open balance		Current Increased Amount	Current Decreased Amount	Close balance	
	Amount of investment	Proportion (%)			Amount of investment	Proportion (%)
Thermax LTD	**108,989,317.37**	**100%**	–	–	108,989,317.37	100%
Total	**108,989,317.37**	**100%**	–	–	108,989,317.37	100%

6. Undistributed Profit: **close amount: -107,305,053.71 CNY.**

Item	Close balance	Open balance
Undistributed profit at the beginning of this period	**-105,884,184.80**	-93,377,848.08
Plus: current-period net profit	**-1,420,868.91**	-12,506,336.72
Less: provision for reserve fund	–	–
Less: withdrawal of development fund	–	–
Less: common stock dividends payable	–	–
Less: dividends transferred to share capital	–	–
Close undistributed profit	**-107,305,053.71**	-105,884,184.80

(II) Notes to items in Profit Statement

1. Main business cost **Current-period amount -2,000,127.96 CNY**

Item	Main business costs	
	Current-period amount	Previous-period amount
Product sales and installation and debugging costs	**-2,000,127.96**	4,128,313.90
Total	**-2,000,127.96**	4,128,313.90

2. Other business income/other business cost **current-period amount 89,380.53/ 89,287.61 CNY**

Item	Other business income		Other business costs	
	Current-period amount	Previous-period amount	Current-period amount	Previous-period amount
Materials sales revenue	**89,380.53**	2,675,365.47	**89,267.47**	1,984,313.71
Scrap sales	–	96,940.38	–	–
Service income	–	407,243.20	**20.14**	65,582.58
Total	**89,380.53**	3,179,549.05	**89,287.47**	65,582.58

3. Selling expense **current-period amount -2,000,127.96 CNY**

Expense Items	Current-Period-Incurred Amount	Previous Amount
Salary	**-335,755.09**	725,966.18
Telecommunications fees	**-445.60**	7,630.04
Travel expenses	**25,425.90**	103,984.98
Express fee	**443.49**	2,800.32
Car expenses	–	2,210.68
Office expenses	**2,542.45**	4,854.52
House rent	–	76,343.60
Water expenses	–	288.52
Electricity expenses	**-1,644.00**	14,210.14
External service fees	**897,015.74**	–
Intermediary service fees	**-1,492,267.00**	-12,463.92
Business entertainment expenses	**-218.71**	47,661.50
Warranty expenses	**-996,991.97**	–
Insurance Premium	–	6,033.99
FOC	**-91,300.3**	–
Depreciation Cost	–	1,211.86
Gas fee	–	623.33
Late payment/penalty	–	95.00
Tender fee	**-5,000.00**	401.60
Freight and miscellaneous expenses	**-1,932.87**	-130,208.34
Export charges	–	45,682.41
Product warranty fee	–	-718,834.28
Membership fee	–	720.00
Total	**-2,000,127.96**	-800,308.42

4. Management expenses current-period amount 4,594,822.45 CNY

Expense Items	Current-Period-Incurred Amount	Previous Amount
Salary	**378,895.60**	6,533,793.82
Telecommunications fees	**5,665.49**	111,493.50
Travel expenses	**-9,277.39**	210,744.31
Express fee	**315.57**	4,464.60
Car expenses	–	245,837.33
Office expenses	**9,441.86**	130,430.38
House rent	**33,754.44**	206,614.03
Water expenses	**103.95**	7,901.89
Electricity expenses	**2,462.40**	190,364.71
Maintenance fees	**33,260.00**	0.00
Training fee	**196.00**	677.92
Intermediary service fees	**150,250.60**	976,890.87
Business entertainment expenses	**2,705.95**	45,736.96
Insurance Premium	–	97,675.47
Taxes	**-37,574.18**	–
Depreciation Cost	–	900,981.31
Amortization	–	85,339.03
Gas fee	–	6,012.66
Machine and material consumption	–	26,069.39
Losses on fixed assets	**-14,580.60**	0.00
High temperature subsidy	–	1,200.00
External service fees	**-19,763.00**	0.00
Others	–	213,873.00
Membership fee	–	6,612.10
Falling price provision for inventory	–	440,882.63
Provision for bad debts	**4,059,025.76**	4,194.00
Labor Union Funds	**-60.00**	25,846.72
Loss on inventory scrapping	–	417,131.77
Security for the disabled	–	21,929.46
Steam fee	–	1,490.14
Product warranty fee	–	23,832.00
Total	**4,594,822.45**	2,175,394.21.00

5. Financial expenses current-period amount 65,905.41 CNY

Item	Current-Period-Incurred Amount	Previous Amount
Interest expenditure	–	903,444.07
Less: interest income	**7,352.92**	15,052.93
Exchange profits or losses	**59,499.98**	51,413.42
Others	**13,758.35**	31,855.95
Total	**65,905.41**	1,001,766.37

6. Non-operating revenues current-period amount 588,452.01 CNY

Item	Current-Period-Incurred Amount	Previous Amount
Net profit from disposal of non-current assets	–	1,328,193.40
Government subsidies	**38,000.53**	11,427.78
Others	**550,451.48**	433,870.13
Total	**588,452.01**	1,773,491.31

7. Nonbusiness Expenditure: current-year amount: 253,964.24 CNY.

Item	Current-Period-Incurred Amount	Previous Amount
Losses on disposal of non-current assets	**299.10**	63,396.68
Provision for fixed asset impairment	–	1,934,942.96
Impairment reserve for intangible assets	–	19,664.33
Others	**253,665.14**	104,054.56
Total	**253,964.24**	2,122,058.53

(III) Notes to Cash Flow Statement Items

Supplementary Information	Current-period amount	Previous-period amount
Adjust net profit as cash flows of operating activities:		
Net profits	**-1,420,868.91**	-12,506,336.72
Plus: provision for asset impairment	–	2,399,683.92
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	–	1,044,419.29
Amortization of intangible assets	–	85,339.03
Amortization of long-term deferred and prepaid expenses	–	–
Decrease in expenses to be amortized (Less: increase)	**18,824.84**	150,117.06
Increase in withheld expenses (Less: decrease)	**-4,492,653.31**	-5,049,620.02
Losses from disposal of fixed assets, intangible assets and other long-term assets (with Gain Items listed after "-")	–	-1,264,796.72
Financial costs (with Gain Items listed after "-")	**65,905.41**	903,444.07
Decrease in inventory (with Increase Items listed after "-")	**73,338.27**	5,197,408.65
Decrease in operating receivables (with Increase Items listed after "-")	**5,253,014.64**	8,465,230.93
Increase in operating payables (with Decrease Items listed after "-")	**-1,140,578.41**	-15,761,602.52
Net cash flows from operating activities	**-1,643,017.47**	-16,336,713.03

VII. RELATIONSHIP WITH RELATED PARTIES AND TRANSACTIONS THEREWITH

(I) Relationship with Related Parties

Name of Related Parties	Relationship with the Company
RDA Holdings Private Limited	Ultimate Controlling Party
Thermax Limited	Investor
THERMAX INC	A company controlled by the same party
Thermax Europe Limited	A company controlled by the same party
PT THERMAX INTERNATIONAL INDONESIA	A company controlled by the same party

(II) Transactions with the Related Parties

None.

VIII. CONTINGENT EVENTS

None.

IX. COMMITMENTS

As of the financial statement date, the Company has no undisclosed commitments.

X. POST-BALANCE-SHEET-DATE NON-ADJUSTMENT EVENTS

The Company has no non-adjustment matters after the balance sheet date that need not be disclosed at the end of the period as of the approval date of the financial statements.

XI. MISCELLANEOUS

None.

Thermax (Zhejiang) Cooling & Heating Engineering Limited Company
March 23, 2021

THERMAX NETHERLANDS B. V.

Executive Board	***Registered Office***	***Auditors***	***Bankers***
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	Citi Bank, Netherlands

Independent auditor's report

To: the management of Thermax Netherlands BV

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements for the year ended 31 March 2021 of Thermax Netherlands BV, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Thermax Netherlands BV as at 31 March 2021, and of its result for the year ended 31 March 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet for the year ended 31 March 2021
- The profit and loss account for the year ended 31 March 2021
- 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 BV 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.

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 as required by 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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 detect all material errors and fraud during our audit.

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 among others:

- 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, 14 July 2021

Ernst & Young Accountants LLP

J. Lodewijks

THERMAX NETHERLANDS B. V.

Balance sheet as at 31 March, 2021

(Before appropriation of result)

ASSETS	Note No	31 March 2021		31 March 2020	
		Euro	Rs Lacs	Euro	Rs Lacs
FIXED ASSETS:					
Financial fixed assets:					
Participations in group companies	1	**1,736,306**	**14 88.67**	8,190,000	68 24.24
		1,736,306	**14 88.67**	8,190,000	68 24.24
CURRENT ASSETS:					
Receivable					
Prepaid expenses		**14,512**	**12.44**	12,742	10.62
Cash and cash Equivalents	2	**103,973**	**89.14**	125,625	1 04.68
		1,854,791	**15 90.25**	8,328,367	69 39.54
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:	3				
Issued Share capital		**30,750,000**	**263 64.28**	27,900,000	232 47.42
Accumulated result		**(19,609,854)**	**(168 13.00)**	(19,539,558)	(162 81.16)
Result for the year		**(9,384,278)**	**(80 45.85)**	(70,296)	(58.57)
		1,755,868	**15 05.44**	8,290,146	69 07.69
Short-term liabilities					
Trade creditors		**64,570**	**55.36**	16,989	14.16
Payables to group company	4	**8,829**	**7.57**	-	-
Accruals and deferred income	5	**25,524**	**21.88**	21,232	17.69
		98,923	**84.81**	38,221	31.85
		1,854,791	**15 90.25**	8,328,367	69 39.54

Exchange Rate as on 31 March 2021 is 1 Euro = 85.7375

Exchange Rate as on 31 March 2020 is 1 Euro = 77.5655

Profit and loss account for the year ended March 31, 2021

	Note No	01-04-20/31-3-2021		01-04-19/31-3-2020	
		Euro	Rs Lacs	Euro	Rs Lacs
General and administration expenses	5	**(80,584)**	**(69.09)**	(70,296)	(58.57)
Operating result		**(80,584)**	**(69.09)**	(70,296)	(58.57)
Impairment participation	7	**(9,303,694)**	**(79 76.75)**	-	-
Result from operational activities before taxation		**(9,384,278)**	**(80 45.85)**	(70,296)	(58.57)
Taxation	8	-	-	-	-
Net result after taxation		**(9,384,278)**	**(80 45.85)**	(70,296)	(58.57)

Statement of Changes in Equity for the period ended March 31, 2021

	Issued share capital		Accumulated results		Result for the year		Total	
	Euro	Rs Lacs	Euro	Rs Lacs	Euro	Rs Lacs	Euro	Rs Lacs
Balance as at 1 April 2020	**27,900,000**	**239 20.76**	**(19,539,558)**	**(167 52.73)**	**(70,296)**	**(60.27)**	**8,290,146**	**71 07.76**
Issue of shares	**2,850,000**	**24 43.52**	**-**	**-**	**-**	**-**	**2,850,000**	**24 43.52**
Result for the year	**-**	**-**	**-**	**-**	**(9,384,278)**	**(80 45.85)**	**(9,384,278)**	**(80 45.85)**
Appropriation of result	**-**	**-**	**(70,296)**	**(60.27)**	**70,296**	**60.27**	**-**	**-**
Balance as at 31 March 2021	**30,750,000**	**263 64.28**	**(19,609,854)**	**(168 13.00)**	**(9,384,278)**	**(80 45.85)**	**1,755,868**	**15 05.44**

At that date the authorised share capital of the Company amounted to 30,000,000 shares of EUR 1 each, which did not allow for the EUR 2,850,000 issuance following Thermax Limited's contribution. The Company therefore amended its articles of association on 30 March 2021 by a Deed of Amendment, which included an unlimited authorised capital in accordance with current Dutch legislation. Following this, 2,850,000 shares amounting to EUR 1 each and totalling to EUR 2,850,000 were issued to Thermax Limited by a Deed of Issuance of Shares, also dated 30 March 2021.

Notes to the financial statements March 31, 2021

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 and is registered at the trade register under number 51219352. The Company is a wholly owned subsidiary of publicly listed Thermax Limited, registered in Chinchwad Pune, India.

The principal activity of the Company is to act as a holding company.

The Company has made use of the exemption allowed by Article 396, Paragraph 6, Part 9, Book 2 of the Dutch Civil Code in not presenting a Managing Directors report.

In view of the international operations of the group of which the Company forms part, the annual accounts have been drawn up in Euro.

Disclosure of going concern

Despite the accumulated deficit and loss for the year, Management is confident the Company is able to continue as a going concern, considering its overall equity position. Currently there are no plans to sell the shares of or any assets of the Company.

The World Health Organization ('WHO') declared the Coronavirus disease ('COVID 19') a global pandemic on 11 March 2020. The Company is closely monitoring the situation in order to adapt accordingly. Management believes the pandemic will have no material impact on the Company.

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 COVID 19 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. Accordingly, Management is confident the Company is able to continue as a going concern.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of the Company make different estimates and judgments that may be essential to the amounts disclosed in the annual accounts. If it is necessary in order to provide the transparency required under Book 2, Article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the change accounting estimates, or in the notes to the relevant balance sheet or profit and loss item.

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, Chinchwad Pune, India with the commercial register in the Netherlands.

General accounting principles

The accounting standards used to prepare the financial statements

The accompanying accounts have been prepared in accordance with the provisions of EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands, as issued by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The Company qualifies as a micro sized entity, but applies the requirements of a small sized entity in its annual report.

Conversion of amounts denominated in foreign currency

All monetary assets and liabilities expressed in currencies other than Euros ('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.

Financial instruments

Financial instruments comprise other receivables, cash and cash equivalents, payables to group company, and trade and other payables. With the exception of cash and cash equivalents, financial instruments are initially measured at fair value, which includes attributable transaction costs. Subsequent to initial measurement, these items are stated at amortised cost. Cash and cash equivalents are measured at nominal value.

Unless otherwise stated all assets and liabilities are valued at historical cost.

Accounting principles

Financial assets

Investments in participations are stated at the lower of the historical cost or the net realisable value.

Income from participations is recognised only to the extent of dividends declared.

Impairment of financial assets

On each balance sheet date the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Accounting principles for determining the result

The result is the difference between the realisable value of any income received and the costs and other charges incurred during the year. The results on transactions are recognised in the year in which they are realised.

General and administrative expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

1 Investment in participation

At balance sheet date, the Company owned 100% in Thermax Denmark ApS, Herning, Denmark (2019/2020: 100%).

The movements in this balance during the year under review are as follows:

	31-03-2020	31-03-2019
	EUR	EUR
Thermax Denmark ApS, Herning, Denmark (100%)	**1,736,306**	8,190,000

	01-04-2020 / 31-03-2021	01-04-2019 / 31-03-2020
Thermax Denmark ApS, Herning, Denmark (100%)	**EUR**	EUR
Balance as at 1 April	**8,190,000**	8,190,000
Investments	**2,850,000**	-
Impairment participation	**(9,303,694)**	-
Balance as at 31 March	**1,736,306**	8,190,000

Thermax Denmark ApS is a holding company and holds shares in Danstoker A/S, Boilerworks A/S, and Ejendomsanpartsselskabet Industrivej Nord 13, all of which are registered in Denmark.

Thermax Denmark ApS was incorporated on 29 October 2010. 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, rendering its total shareholding in the participation to 100%. The total consideration involved was EUR 21,767.

Additional investments in this participation have taken place since then, as follows:

Investment of EUR 2,000,000 on 19 April 2017.

Investment of EUR 5,400,000 on 11 March 2019.

Investment of EUR 2,850,000 on 13 July 2020.

The total amount invested in the participation as at 31 March 2021 was EUR 30,271,767 (31 March 2020: EUR 27,421,767). A further contribution of EUR 1,010,000 was made to this participation after year end, refer to 'Subsequent events'.

Management compared the carrying amount with the recoverable amount of Thermax Denmark ApS based on future cash flows. Although Management is confident that Thermax Denmark ApS can achieve positive results, in view of the losses made by Thermax Denmark ApS as well as the current challenging business climate, it was decided to undertake a more conservative valuation of the investment's recoverable amount at year end. Since the recoverable amount is lower than the carrying amount, Management decided to book an impairment of EUR 9,303,694 during the year under review, resulting in the year end value of EUR 1,736,306 (2019/2020: no impairment).

During the financial year ended 31 March 2019, an impairment of EUR 19,231,767 was levied on this investment in view of its recoverable amount being lower than the cost value at balance sheet date.

2 Cash and cash equivalents

The Company maintains a bank account denominated in EUR with Citibank N.A., the balance of which is available on demand.

3 Shareholder's equity

The Company's issued and fully paid up share capital as at 31 March 2021 amounted to EUR 30,750,000, consisting of 30,750,000 shares of EUR 1 each (31 March 2020: 27,900,000 shares at EUR 1 each).

The movements in shareholder's equity during the year under review were as follows:

	Paid in and called up share capital	**Accumulated results**	**Result for the year**	**Total**
	EUR	EUR	EUR	EUR
Balance as at 1 April 2020	27,900,000	(19,539,558)	(70,296)	8,290,146
Result for the year	-	-	(9,384,278)	(9,384,278)
Appropriation of prior year result	-	(70,296)	70,296	-
Issue of shares	2,850,000	-	-	2,850,000
Balance as at 31 March 2021	**30,750,000**	**(19,609,854)**	**(9,384,278)**	**1,755,868**

On 10 July 2020 Thermax Limited contributed EUR 2,850,000 to the Company's share capital for it to be able to make a capital contribution to its subsidiary, Thermax Denmark ApS.

At that date the authorised share capital of the Company amounted to 30,000,000 shares of EUR 1 each, which did not allow for the EUR 2,850,000 issuance following Thermax Limited's contribution.

The Company therefore amended its articles of association on 30 March 2021 by a Deed of Amendment, which included an unlimited authorised capital in accordance with current Dutch legislation.

Following this, 2,850,000 shares amounting to EUR 1 each and totalling to EUR 2,850,000 were issued to Thermax Limited by a Deed of Issuance of Shares, also dated 30 March 2021.

The Company's share capital increase was reflected in the shareholder's registry by the Public Notary accordingly on 30 March 2021. (2019/2020: 5,400,000 newly issued shares of EUR 1 each, paid up on the 1st of March 2019, were issued on 28 June 2019 by a Deed of Issuance of Shares and were duly reflected in the Company's shareholders register that same day).

A further contribution to the Company's share capital was made after year end. Refer to 'Subsequent events'.

Statement of the proposed appropriation of the result

Management proposes that the result for the year will be added to the accumulated results. This proposal has not yet been reflected in the balance sheet.

4 Payables to group company

	31-03-2021	31-03-2020
	EUR	EUR
Current account with Danstoker A/S	**8,829**	-

This balance due to the Company's related entity, Danstoker A/S, comprises invoices paid on its behalf during the year under review. The amount is unsecured, interest free, and will be settled within 12 months after balance sheet date.

5 Accrued expenses

	31-03-2021	31-03-2020
	EUR	EUR
Accrued accounting fees	**114**	-
Accrued tax advisory fees	**6,171**	6,232
Accrued audit fees	**19,239**	15,000
	25,524	21,232

Notes to the profit and loss account for the period 01-04-2020 until 31-03-2021

6 General and administrative expenses

	01-04-2020/ 31-03-2021	01-04-2019/ 31-03-2020
	EUR	EUR
General and administrative expenses	**80,584**	70,296

	01-04-2020/ 31-03-2021	01-04-2019/ 31-03-2020
	EUR	EUR
Management fee	**5,536**	5,384
Accounting fees	**38,579**	29,912
Audit fees	**23,478**	24,580
Tax advisory fees	**6,110**	8,125
Notarial expenses	**4,468**	-
Bank charges	**2,413**	2,295
	80,584	70,296

7 Impairment participation

	01-04-2020/ 31-03-2021	01-04-2019/ 31-03-2020
	EUR	EUR
Provision for impairment on investment in Thermax Denmark ApS, Herning, Demark (100%)	**(9,303,694)**	-

Refer to note 1 for further details on the impairment levied during the year under review.

8 Income tax expense

At balance sheet date the Company had accumulated losses carried forward of EUR 19,609,854 (2019/2020: EUR 19,539,558). Considering it is not probable that future taxable profits will be available against which they can be utilised, a deferred tax asset has not been recognised in this respect.

Remuneration of directors

The Company has two directors (2019/2020: two).

During the year under review TMF Netherlands B.V. invoiced the Company EUR 44,115 (2019/2020: EUR 35,296), which amongst other services rendered, is inclusive of them acting as Director A of the Company.

The Company has no Supervisory Directors.

Average number of employees

The Company does not employ any staff and hence incurred no salary, social security charges, or pension costs during year under review or the prior year.

Subsequent events

On 8 April 2021 the Company received a share capital contribution of EUR 1,060,000 from Thermax Limited, for which the corresponding issuance of shares is expected to be reflected in the shareholder's register later during the financial year 2021/2022.

On 9 April 2021 the Company made a EUR 1,010,000 capital contribution to Thermax Denmark ApS.

To date, no other subsequent events have occurred which may have an effect on the financial position of the Company after balance sheet date of 31 March 2021.

Amsterdam, 14 July 2021

TMF Netherlands B.V. Director A	Mr. R. Arunachalam Director B

Other information

Statutory provision regarding appropriation of result

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 26 of the Company's articles of association, at the disposal of the General Meeting of the Shareholder.

Management proposes that the result for the year will be added to the accumulated results. This proposal has not yet been reflected in the balance sheet.

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Board of Directors	*Registered Office*	*Auditors*	*Bankers*
Rakesh Tripathi Rajendran Arunachalam	Industrivej Nord 13 DK-7400 Herning	Emst & Young Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg.	Citi Bank

Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2020 - 31 March 2021.

The annual report is 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 Company at 31 March 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 April 2020 - 31 March 2021.

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, 10 May 2021
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 2020 - 31 March 2021, 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 2021, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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" (herinafter 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 the 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 the 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 the 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, 10 May 2021
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 2021
Executive Board	Rakesh Rampratap Tripathi
	Rajendran Arunachalam
Auditors	EY Godkendt Revisionspartnerselskab
	Bavnehøjvej 5, 6700 Esbjerg, Denmark

THERMAX DENMARK APS

Financial highlights for the Group

DKKm	**2020/21**	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	**208**	293	289	285	292
Profit before interest and tax (EBITA)	**-38**	-27	-23	-3	12
Operating profit/loss	**-39**	-29	-84	-16	4
Net financials	**-2**	-3	-4	-3	-4
Profit/loss before tax	**-40**	-30	-88	-18	1
Profit/loss for the year	**-38**	-26	-82	-17	-1
Fixed assets	**48**	84	95	154	140
Non fixed assets	**94**	97	111	106	87
Total assets	**142**	181	206	260	227
Equity	**19**	29	57	99	101
Provisions	**8**	5	10	16	17
Non current liabilities other than provisions	**11**	19	34	45	43
Current liabilities other than provisions	**105**	128	105	99	66
Cash flows from operating activities	**-22**	-14	-1	-24	26
Net cash flows from investing activities	**-2**	3	-10	-27	-4
Amount relating to investments in property, plant and equipment	**0**	-1	-6	-26	-2
Cash flows from financing activities	**25**	9	32	28	0
Total cash flows	**1**	-2	21	-23	22
Financial ratios					
Operating margin	**-18.1%**	-9.2%	-8.0%	-1.1 %	4.1 %
Equity ratio	**13.4%**	16.0%	27.7%	38.1%	44.5%
Return on equity	**-160.0%**	-60.4%	-105.1%	-17.0%	-1.0%
Average number of full-time employees	**253**	281	255	260	265

For terms and definitions, please see the accounting policies.

Business review

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.

Financial review

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 -39,686 thousand and after tax of DKK -37,654 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 due to the COVID-19 pandemic. Within the biomass segment Danstoker has 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 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 are back on more normal level compared to previous 2 years where turnover was impacted by some large orders. 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.

As at 1 November 2020 Boilerworks sold its service activities to VODA A/S. The remaining business activities of the company is closing down of old projects and service activities and sales of heat exchangers.

The overall results achieved by Boilerworks this year are significantly lower than provided for in the budget. The result achieved is not satisfactory and is mainly caused by the closing down of the Service activities.

Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged compared to 2019/20.

Statutory CSR report

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

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.

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.

As the company has no employees, no statement for the gender diversity in management has been prepared.

Knowledge resources

The Thermax Denmark Group performs current development of processes and upgrading of employees.

Environmental conditions

The Thermax Denmark Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group. The Group companies have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Danstoker A/S hold the ISO 14001 certificate.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is significantly lower than last due to the sales of the service activities in Boilerworks. For the Danstoker part of the business the overall volume of orders is on same level as last year and satisfactory.

Thermax Denmark Group will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Thermax Denmark Group to create 2 profitable, strong and individually independent sales companies in Danstoker A/S, and Danstoker Poland Sp. Z o.o., both as an attractive workplace with competent employees, based on competitive products sold to professional co operation partners and customers in selected markets, where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Thermax Denmark is 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 CO_2 will in the long term contribute to making our CO_2 neutral products within biofuels and electrical boilers even more relevant and will contribute to securing the Thermax Denmark Group's continued positive development.

Satisfactory results are expected for the financial year 2021/22.

Particular risks

It is not yet known to what extent the company will continue to be affected by the COVID-19 pandemic, whilst the situation still has some inherent uncertainty, with many countries now undertaking vaccination roll out programmes and easing of their economies, the management consider that the impact and level of disruption on the Company's operations should not be significant. However, they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

Besides the above mentioned 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.

THERMAX DENMARK APS

Consolidated financial statements and parent company financial statements for the period 1 April 2020 - 31 March 2021

Balance sheet

	Notes	2020/21		2019/20		2020/21		2019/20	
		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	7								
Completed Development Projects		**1,002**	**1 15.55**	2,834	3 16.47	-	-	-	-
Licences, software		**974**	**1 12.32**	933	1 04.19	-	-	-	-
Goodwill		-	-	26,434	29 51.87	-	-	-	-
Development projects in progress		-	-	1,508	1 68.40	-	-	-	-
		1,976	**2 27.88**	31,709	35 40.93	-	-	-	-
Property, plant and equipment	8								
Land and buildings		**39,545**	**45 60.41**	41,469	46 30.82	-	-	-	-
Plant and machinery		**6,282**	**7 24.45**	9,256	10 33.61	-	-	-	-
Fixtures and fittings, tools and equipment		**577**	**66.54**	1,243	1 38.81	-	-	-	-
		46,404	**53 51.41**	51,968	58 03.24	-	-	-	-
Investments	9								
Investments in group enterprises		-	-	-	-	**61,693**	**71 14.57**	96,272	107 50.65
		-	-	-	-	**61,693**	**71 14.57**	96,272	107 50.65
Total non-current assets		**48,380**	**55 79.28**	83,677	93 44.17	**61,693**	**71 14.57**	96,272	107 50.65
Current assets									
Inventories									
Raw materials and consumables		**16,213**	**18 69.72**	16,864	18 83.19	-	-	-	-
Semi-finished goods		**2,482**	**2 86.23**	3,137	3 50.31	-	-	-	-
Finished goods and goods for resale		**523**	**60.31**	894	99.83	-	-	-	-
		19,218	**22 16.26**	20,895	23 33.33	-	-	-	-
Receivables									
Trade receivables		**19,186**	**22 12.57**	19,002	21 21.94	-	-	-	-
Deffered Tax assets	13	-	-	-	-	**289**	**33.33**	378	42.21
Work in progress (customer-specific orders)	10	**41,379**	**47 71.91**	49,046	54 76.94	-	-	-	-
Receivables from group enterprises		**7,757**	**8 94.55**	-	-	**12,460**	**14 36.91**	9,109	10 17.20
Other receivables		**1,035**	**1 19.36**	3,367	3 75.99	-	-	-	-
Prepayments	11	**930**	**1 07.25**	1,412	1 57.68	-	-	-	-
		70,287	**81 05.65**	72,827	81 32.55	**12,749**	**14 70.24**	9,487	10 59.41
Cash at bank and in hand		**4,398**	**5 07.19**	3,659	4 08.60	**184**	**21.22**	84	9.38
Total current assets		**93,903**	**108 29.09**	97,381	108 74.49	**12,933**	**14 91.46**	9,571	10 68.79
Total assets		**1,42,283**	**164 08.38**	1,81,058	202 18.66	**74,626**	**86 06.03**	1,05,843	118 19.43
EQUITY AND LIABILITIES									
Equity									
Share capital	12	**1,30,000**	**149 91.88**	1,30,000	145 17.03	**1,30,000**	**149 91.88**	1,30,000	145 17.03
Translation reserve		**(865)**	**(99.75)**	-	-	-	-	-	-
Hedging reserve		**246**	**28.37**	-	-	-	-	-	-
Retained earnings		**(1,10,501)**	**(127 43.21)**	(1,00,838)	(112 60.53)	**(1,11,121)**	**(128 14.71)**	(1,00,839)	(112 60.64)
Total equity		**18,880**	**21 77.28**	29,162	32 56.51	**18,879**	**21 77.17**	29,161	32 56.39
Provisions									
Deferred tax	13	-	-	1,448	1 61.70	-	-	-	-
Other provisions	15	**7,933**	**9 14.85**	3,141	3 50.75	-	-	-	-
Total provisions		**7,933**	**9 14.85**	4,589	5 12.45	-	-	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions	14								
Mortgage debt		**9,154**	**10 55.66**	11,003	12 28.70	-	-	-	-
Bank loans		-	-	5,601	6 25.46	-	-	5,601	6 25.46
Lease liabilites		**1,386**	**1 59.84**	2,524	2 81.85	-	-	-	-
		10,540	**12 15.50**	19,128	21 36.01	-	-	5,601	6 25.46

	Notes	2020/21		2019/20		2020/21		2019/20	
		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									
Short-term part of long-term liabilities other than provisions	14	**8,023**	**9 25.23**	15,273	17 05.53	**5,577**	**6 43.15**	13,068	14 59.30
Bank debt		**34,577**	**39 87.49**	30,000	33 50.08	**-**	**-**	-	-
Work in progress for third parties	10	**15,184**	**17 51.05**	10,063	11 23.73	**-**	**-**	-	-
Trade payables		**15,984**	**18 43.31**	21,721	24 25.57	**-**	**-**	-	-
Payable to group companies		**4,284**	**4 94.04**	15,571	17 38.81	**49,729**	**57 34.85**	57,904	64 66.11
Corporation tax payable		**378**	**43.59**	-	-	**378**	**43.59**	-	-
Other payables		**26,389**	**30 43.24**	35,421	39 55.45	**63**	**7.27**	109	12.17
Deferred Income		**111**	**12.80**	130	14.52	**-**	**-**	-	-
		1,04,930	**121 00.75**	1,28,179	143 13.68	**55,747**	**64 28.86**	71,081	79 37.58
Total liabilities other than provisions		**1,15,470**	**133 16.25**	1,47,307	164 49.70	**55,747**	**64 28.86**	76,682	85 63.04
Total equity and liabilities		**1,42,283**	**164 08.38**	1,81,058	202 18.66	**74,626**	**86 06.03**	1,05,843	118 19.43

1 Accounting policies
2 Capital resources
3 Special items
16 Staff costs
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Related parties
20 Fee to the auditors appointed by the Company in general meeting
21 Appropriation of profit/loss

Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.5322
Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669

Income Statement

	Notes	2020/21		2019/20		2020/21		2019/20	
		Consolidated		Consolidated		**Parent Company**		Parent Company	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs	**DKK'000**	**Rs. Lacs**	DKK'000	Rs. Lacs
Revenue	4	**2,07,511**	**239 30.61**	2,92,788	326 95.49	**-**	**-**	-	-
Production costs		**(1,98,901)**	**(229 37.69)**	(2,68,991)	(300 38.09)	**-**	**-**	-	-
Gross profit		**8,610**	**9 92.92**	23,797	26 57.40	**-**	**-**	-	-
Distribution costs		**(18,491)**	**(21 32.42)**	(24,686)	(27 56.67)	**-**	**-**	-	-
Administrative expenses		**(28,749)**	**(33 15.40)**	(28,429)	(31 74.65)	**(112)**	**(12.92)**	(107)	(11.95)
Other operating income		**1,000**	**1 15.32**	2,298	2 56.62	**-**	**-**	-	-
Other operating expenses		**(30)**	**(3.46)**	-	-				
Operating profit		**(37,660)**	**(43 43.03)**	(27,020)	(30 17.31)	**(112)**	**(12.92)**	(107)	(11.95)
Income from investments in group enterprise		**-**	**-**	-	-	**(37,920)**	**(43 73.01)**	(25,430)	(28 39.76)
Financial income		**1,891**	**2 18.07**	2,766	3 08.88	**74**	**8.53**	-	-
Financial expenses	5	**(3,920)**	**(4 52.06)**	(6,103)	(6 81.52)	**(501)**	**(57.78)**	(614)	(68.57)
Profit before tax		**(39,689)**	**(45 77.02)**	(30,357)	(33 89.95)	**(38,459)**	**(44 35.17)**	(26,151)	(29 20.27)
Tax on profit for the year	6	**1,297**	**1 49.57**	4,389	4 90.12	**67**	**7.73**	183	20.44
Profit for the year		**(38,392)**	**(44 27.45)**	(25,968)	(28 99.83)	**(38,392)**	**(44 27.45)**	(25,968)	(28 99.83)

THERMAX DENMARK APS

Statement of Changes in Equity for the period 1st April 2019 to 31st March 2021

Particulars	Consolidated									
	Share capital		Translation reserve		Hedging reserve		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 2020	1,30,000	149 91.88	-	-	-	-	(1,00,838)	(116 28.85)	29,162	33 63.02
Transfer through appropriation of loss	-	-	-	-	-	-	(38,392)	(44 27.45)	(38,392)	(44 27.45)
Adjustment of investments through forreign exchange adjustments	-	-	(865)	(99.75)	-	-	-	-	(865)	(99.75)
Adjustment of hedging instruments at fair value	-	-	-	-	315	36.33	-	-	315	36.33
Tax on items recognised directly in equity	-	-	-	-	(69)	(7.96)	-	-	(69)	(7.96)
Capital contribution	-	-	-	-	-	-	28,729	33 13.09	28,729	33 13.09
Equity at 31 March 2021	**1,30,000**	**149 91.88**	**(865)**	**(99.75)**	**246**	**28.37**	**(1,10,501)**	**(127 43.21)**	**18,880**	**21 77.28**

Particulars	Parent company					
	Share capital		Retained earnings		Total	
	DKK'000	Rs Lacs	DKK'000	Rs Lacs	DKK'000	Rs Lacs
Equity at 1st April 2020	1,30,000	149 91.88	(1,00,839)	(116 28.97)	29,161	33 62.91
Transfer see "Proposed profit / loss appropriation	-	-	(38,392)	(44 27.45)	(38,392)	(44 27.45)
Other value adjustments of equity	-	-	(619)	(71.38)	(619)	(71.38)
Capital contribution	-	-	28,729.00	33 13.09	28,729	33 13.09
Equity at 31 March 2021	**1,30,000**	**149 91.88**	**(1,11,121)**	**(128 14.71)**	**18,879**	**21 77.17**

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally..

Cash flow statement

	Notes	2020/21		2019/20	
		DKK'000	Rs.Lacs	DKK'000	Rs.Lacs
Profit / loss for the year		**(38,392)**	**(44 27.45)**	(25,968)	(28 99.83)
Adjustments	22	**40,340**	**46 52.09**	1,385	1 54.66
Cash flows from operations (operating activities)		**1,948**	**2 24.65**	(24,583)	(27 45.17)
Changes in working capital	23	**(23,987)**	**(27 66.23)**	9,910	11 06.64
Cash flows from operations (operating activities)		**(22,039)**	**(25 41.58)**	(14,673)	(16 38.53)
Income tax paid/received		**157**	**18.11**	539	60.19
Cash flows from operations		**(21,882)**	**(25 23.48)**	(14,134)	(15 78.34)
Acquisition of intangible asset		**(2,023)**	**(2 33.30)**	(2,214)	(2 47.24)
Acquisition of property, plant and equipment		**(77)**	**(8.88)**	(1,005)	(1 12.23)
Disposal of property, plant and equipment		**3**	**0.35**	6,000	6 70.02
Cash flows from investing activities		**(2,097)**	**(2 41.83)**	2,781	3 10.55
Proceeds from bank debts		**4,577**	**5 27.83**	23,797	26 57.40
Repayments, long term liabilities		**(8,588)**	**(9 90.39)**	(15,099)	(16 86.10)
Cash capital contribution		**28,729**	**33 13.09**	-	-
Cash flows from financing activities		**24,718**	**28 50.53**	8,698	9 71.30
Net cash flow		**739**	**85.22**	(2,655)	(2 96.48)
Cash and cash equivalents at 1 April		**3,659**	**4 21.96**	6,314	7 05.08
Cash and cash equivalents at 31 March		**4,398**	**5 07.19**	3,659	4 08.60

Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.5322
Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669

Notes to the financial statements

1 Accounting policies

The annual report of Thermax Denmark ApS for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

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. Non controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line by line basis.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

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 and associates 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.

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 presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

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® 2020.

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.

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.

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.

Distribution costs

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 related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

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 purposes.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	3 years
Goodwill	20 years

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	20-50 years
Plant and machinery	3-10 years
Fixtures and fittings, other plant and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's 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

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 Company and its Danish group entities are jointly taxed. 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, due to strategically acquired enterprises with strong market positions and long term earnings profiles.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets 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 expenses, salaries and amortisation directly or indirectly attributable to development activities.

Developent costs that are recognised on the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of a development project, 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 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.

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. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

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 fixed assets

The carrying amount of intangible assets, property, plant and equipment and 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.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress for third parties

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting 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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Income taxes

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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

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.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

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, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year end x 100}}{\text{Total equity and liabilities, year end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

2 Capital resources

Thermax Denmark Group has incurred a loss during 2021/22 which has been partly offset by capital contributions. Management expects growth, profitability and positive cash flow for 2021/22 but is also aware of potential temporary increases in working capital as result of increased activity. It is Managements expectation that the current credit lines, which are supported by Thermax Ltd. and therefore expected to continue unchanged, together with will future capital contributions will be sufficient to cover fluctuations in cash flow for the financil year 2021/22.

3 Special items

Group

Special items compromises significant income and expenses of a special nature relative to the Groups revenue generating operating activities. Special items for the year are specified below just as the items under which they are recognised in the income statement.

Special items for the year comprises costs related to impairment of goodwill, govenmental grants related to COVID-19 in Poland and the sale of assets and activities in Boilerworks A/S consisting of termination fees of rental and lease agreements, impairment of intagible and tangible assets, one off payment to the counter part and costs for legal counselling.

DKK'000	Group 2020/21	Parent company 2020/21
Income		
Governmental grants related to COVID-19	**1,000**	**1,000**
	1,000	**1,000**
Expenses		
Costs related to the sale of assets	**-7,718**	**-7,718**
Impairment of goodwill	**-24,580**	**-24,580**
	-32,298	**-32,298**
Special items are recognised in the below items of the financial statements		
Production costs	**-25,385**	**0**
Administration expenses	**-6,913**	**0**
Other operation income	**1,000**	**0**
Income from investments in group enterprises	**0**	**-31,298**
Net loss on special items	**-31,298**	**-31,298**

4 **Segment information**

DKK'000	Group 2020/21	Group 2019/20	Parent company 2020/21	Parent company 2019/20
Breakdown of revenue by geographical segment:				
Europe	**205,766**	287,996	**0**	0
Outside Europe	**1,745**	4,792	**0**	0
	207,511	292,788	**0**	0

5 **Financial expenses**

Interest expenses, group entities	**45**	181	**340**	56
Other financial expenses	**3,875**	5,922	**161**	558
	3,920	7,147	**501**	614

6 **Tax for the year**

Estimated tax charge for the year	**308**	-61	**-124**	-17
Deferred tax adjustments in the year	**-1,605**	-4,386	**57**	-166
	-1,297	-4,389	**-67**	-183

7 **Intangible assets**

DKK'000	Group: Completed development projects	Acquired intangible assets	Goodwill	Intangible assets in progress	Total
Cost at 1 April 2020	4,690	4,084	141,569	1,508	151,851
Additions	0	2,023	0	0	2,023
Disposals	0	-1,053	0	0	-1,053
Transferred	0	1,508	0	-1,508	0
Cost at 31 March 2021	4,690	6,562	141,569	0	152,821
Impairment losses and amortisation at 1 April 2020	1,856	3,151	115,135	0	120,142
Impairment losses for the year	699	1,672	24,580	0	26,951
Amortisation for the year	1,133	1,457	1,854	0	4,444
Reversal of accumulated amortisation and impairment of assets disposed	0	-692	0	0	-692
Impairment losses and amortisation at 31 March 2021	3,688	5,588	141,569	0	150,845
Carrying amount at 31 March 2021	1,002	974	0	0	1,976

Completed development projects

Development costs are recognized based on expectations for future earnings generated from development projects.

8 **Property, plant and equipment**

Consolidated

DKK'000	Group: Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 April 2020	51,237	25,445	1,778	78,460
Foreign exchange adjustments	-462	-145	0	-607
Additions	0	0	77	77
Disposals	-7	-3,767	-1,648	-5,422
Cost at 31 March 2021	50,768	21,533	207	72,508
Impairment losses and depreciation at 1 April 2020	9,768	16,189	535	26,492
Foreign exchange adjustments	-67	-21	0	-88
Impairment losses	0	149	26	175
Depreciation	1,522	2,535	449	4,506
Reversal of accumulated depreciation and impairment of assets disposed	0	-3,601	-1,380	-4,981
Impairment losses and depreciation at 31 March 2021	11,223	15,251	-370	26,104
Carrying amount at 31 March 2021	39,545	6,282	577	46,404
Property, plant and equipment include finance leases with a carrying amount totalling	0	2,112	297	2,409

THERMAX DENMARK APS

9 Investments

DKK'000	Investments in subsidiaries
Cost at 1 April 2020	298,896
Cost at 31 March 2021	298,896
Value adjustments at 1 April 2020	-202,624
Profit/loss for the year	-12,870
Changes in equity	-619
Value adjustments for the year	-25,053
Offset against receivables from group enterprises	3,963
Value adjustments at 31 March 2021	-237,203
Carrying amount at 31 March 2021	**61,693**

Parent company

Name	Domicile	Interest
Danstoker A/S	Herning, Denmark	100%
Danstoker Poland Sp. Z.o.o.	Poland	100%
Ejendomsanpartsselskabet Industrivej Nord 13	Herning, Denmark	100%
Boilerworks Properties ApS	Herning, Denmark	100%
Boilerworks A/S	Herning, Denmark	100%

10 Work in progress for third parties

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Selling price of work performed	**181,301**	240,495	**0**	0
Progress billings	**-155,106**	-201,512	**0**	0
	26,195	38,983	**0**	0
recognised as follows:				
Work in progress for third parties (assets)	**41,379**	49,046	**0**	0
Work in progress for third parties (liabilities)	**-15,184**	-10,063	**0**	0
	26,195	38,983	**0**	0

11 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies and other prepaid costs.

12 Share capital

The share capital comprises 129,999,545 shares of DKK 1 each. All shares rank equally.

Analysis of changes in the share capital over the past 5 years:

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/7
Opening balance	130,000	130,000	89,829	75,000	75,000
Capital increase	0	0	40,171	14,829	0
	130,000	**130,000**	**130,000**	**89,829**	**75,000**

13 Deferred tax

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Deferred tax at 1 April	**1,448**	5,229	**-378**	-213
Deferred tax adjustment, previous years	**157**	0	**0**	0
Deferred tax adjustment for the year	**-1,605**	-3,781	**89**	-165
Deferred tax at 31 March	**0**	1,448	**-289**	-378

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Analysis of the deferred tax				
Deferred tax assets	**0**	0	**-289**	-378
Deferred tax liabililties	**0**	1,448	**0**	0
	0	1,448	**-289**	-378

Deferred tax assets not recognised amounts to DKK 474 thousand.

14 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/3 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	**10,603**	1,449	9,154	0
Bank debt	**5,577**	5,577	0	0
Lease liabilities	**2,383**	997	1,386	0
	18,563	8,023	10,540	0
Bank debt	**5,577**	5,577	0	0
	5,577	5,577	0	0

15 Other provisions

Other provisions consists of custom warranties, DKK 3,975 thousand (2019/20: DKK 1,118 thousand) and provision for guarantee obligations and other costs DKK 3,958 thousand (2019/20: DKK 2,023 thousand).

16 Staff costs

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Wages/salaries	**80,537**	105,980	**0**	0
Pensions	**4,561**	6,037	**0**	0
Other social security costs	**716**	801	**0**	0
	85,814	112,818	**0**	0
Average number of full-time employees	**253**	281	**0**	0
Remuneration to members of Management:				
Executive Board	**60**	60	**0**	0
	60	60	**0**	0

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

Lease obligations (operating leases) falling due within three years total DKK 1,265 thousand, hereof DKK 661 thousand fall due 2021/22.

The Group has entered into interest rate swap contracts concerning a loan amounting to totally DKK 7,128 thousand with a net position as of 31 March 2021 of totally DKK -1,003 thousand (2019/20: DKK -1,321 thousand).

Parent company

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

18 Collateral

Group

Land and buildings with a carrying amount of DKK 23,878 thousand 31 March 2021 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 10,603 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 3,770 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 18,037 thousand.

Parent company

The parent Company has not placed any assets or other as security for loans at 31/3 2021.

19 Related parties

Group

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Ltd.	India	www.thermaxglobal.com

Related party transactions

DKK'000	2020/21	2019/20
Group		
Revenue	**0**	149
Production costs	**2,085**	2,532
Financial expenses	**45**	181
Receivables from group enterprises	**7,577**	0
Payables to group enterprises	**4,104**	15,571
Equity contribution from parent	**28,729**	0
Parent Company		
Financial expenses	**340**	56
Receivables from group enterprises	**12,460**	9,109
Payables to group enterprises	**49,729**	57,904
Equity contribution from parent	**28,729**	0

20 Fee to the auditors appointed by the Company in general meeting

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Statutory audit	**352**	342	**16**	16
Assurance engagements	**362**	350	**40**	40
Tax assistance	**36**	35	**8**	8
Other assistance	**263**	200	**22**	90
	1,013	927	**86**	154

21 Appropriation of profit/loss

	Parent company	
DKK'000	2020/21	2019/20
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	**-38,392**	-25,968
	-38,392	-25,968

22 Adjustments

	Group	
DKK'000	2020/21	2019/20
Amortisation/depreciation and impairment losses	**36,076**	9,667
Gain/loss on the sale of non-current assets	**799**	-2,090
Provisions	**4,792**	-1,508
Tax for the year	**308**	-61
Deferred tax	**-1,605**	-4,328
Other adjustments	**-30**	-295
	40,340	1,385

23 Changes in working capital

	Group	
DKK'000	2020/21	2019/20
Change in inventories	**1,677**	-1,436
Change in receivables and work in progress	**2,540**	11,787
Change in trade and other payables	**-28,204**	-441
	-23,987	9,910

DANSTOKER A/S

Board of Directors

Rakesh Rampratap Tripathi (Chairman)
Rajendran Arunachalam (Vice Chairman)
Holger Michael Diechmann Jepsen (Elected by Employees)
Kim Slumstrup (Elected by 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

Bankers

Citi Bank
Sydbank

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2020 - 31 March 2021.

The annual report is 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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, 10 May 2021

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 Diechmann 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 2020 - 31 March 2021, 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the 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 the 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 the 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, 10 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch State Authorised Public Accountant mne35420	Claes Jensen State Authorised Public Accountant mne44108

DANSTOKER A/S

Management's review

Company details

Name	Danstoker A/S
Address, Postal code, City	Industrivej Nord 13, 7400 Herning
CVR no.	16 14 72 49
Established	13 April 1992
Registered office	Herning
Financial year	1 April 2020 - 31 March 2021
Telephone	+45 99 28 71 00
Board of Directors	Rakesh Rampratap Tripathi, Chair Rajendran Arunachalam, Vice Chair Kim Slumstrup, (Elected by the employees) Holger Michael Diechmann Jepsen, (Elected by the employees)
Executive Board	Peter Overgaard Kurt Myhlert Olsen
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Financial highlights

DKK m	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Gross profit	**26**	24	28	28	39
Operating profit/loss	**-2**	-12	-8	-8	9
Profit/loss before tax	**-8**	-9	-27	-14	6
Profit/loss for the year	**-7**	-6	-25	-12	4
Total assets	**126**	140	135	110	90
Investments in property, plant and equipment	**0**	0	5	1	2
Equity	**34**	42	50	35	33
Financial ratios					
Equity ratio	**27.0%**	30.0%	37.0%	31.8%	36.7%
Return on equity	**-18.4%**	-13.0%	-58.8%	-35.3%	13.1%
Average number of employees	**106**	117	115	121	122

For terms and definitions, please see the accounting policies.

Business 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..

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 as many others been impacted by the world wide COVID 19 pandemic. We have managed to keep our production up and running in both Herning and Ostrowiec but on a lower level. Order intake has been highly impacted also.

Danstoker have though 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 has gone down with some 40% in the year under review compared to previous 2 years. Present level is more normal for the segment.

During the year, a new Thermal oil boiler has been developed and launched.

Due to COVID 19 Danstoker A/S have had a lower activity level throughout the year. Revenue has due to this dropped with 20% compared to the average of the last 5 years. The achieved results of the primary operation are lower than provided for in the budget.

Also, the Polish facility have had lower activity the entire year. Order intake was in the three first quarter significantly lower than budget. Order booking in last quarter has been higher than budget.

Loss for the year before tax amount DKK -7,715 thousand and loss after tax amounts to DKK 7,472 thousand.

The total number of employees by end of financial year is 106 in Denmark and 127 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 holds a ISO 14001 certificate.

Danstoker A/S has decided for the coming years 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”.

In the coming period the Company will have special attention to reduce the consumption of energy during manufacturing, optimizing the design to reduce material use and better waste management to recycle more material. Furthermore, will a project be started with the local university to investigate more sustainable solutions throughout our design and manufacturing platform.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

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.

It is not yet known to what extent the company will continue to be affected by the COVID 19 pandemic, whilst the situation still has some inherent uncertainty, with many countries now undertaking vaccination roll out programmes and easing of their economies, the management consider that the impact and level of disruption on the Company’s operations should not be significant. However, they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

Besides the above mentioned 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 and electrical boilers 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 2021/22.

Financial statements 1 April 2020 - 31 March 2021

Income statement

	Note	2020-21		2019-20	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
Gross profit		**26,314**	**30 34.59**	24,171	26 99.16
Distribution costs		**(14,641)**	**(16 88.43)**	(18,965)	(21 17.81)
Administrative expenses		**(13,575)**	**(15 65.50)**	(17,646)	(19 70.52)
Operating Profit / Loss		**(1,902)**	**(2 19.34)**	(12,440)	(13 89.17)
Income from investments in group entities		**(4,737)**	**(5 46.28)**	5,075	5 66.72
Financial income	3	**1,178**	**1 35.85**	938	1 04.75
Financial expenses	4	**(2,254)**	**(2 59.94)**	(2,736)	(3 05.53)
Profit / Loss before tax		**(7,715)**	**(8 89.71)**	(9,163)	(10 23.23)
Tax on profit/loss for the year	5	**243**	**28.02**	3,500	3 90.84
Profit / Loss for the year		**(7,472)**	**(8 61.69)**	(5,663)	(6 32.38)

Exchange rate: as at 31 March 2021 is 1 DKK = Rs 11.5322
Exchange rate: as at 31 March 2020 is 1 DKK = Rs 11.1669

Balance sheet

	Note	2020-21		2019-20	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
ASSETS					
Non-current assets					
Intangible assets	6				
Completed Development Projects		**1,002**	**1 15.55**	1,513	1 68.96
Acquired intangible assets		**974**	**1 12.32**	933	1 04.19
Intangible assets in progress		**-**	**-**	1,508	1 68.40
		1,976	**2 27.88**	3,954	4 41.54
Property, plant and equipment	7				
Plant and machinery		**3,193**	**3 68.22**	4,943	5 51.98
Other fixtures and fittings, tools and equipment		**577**	**66.54**	870	97.15
		3,770	**4 34.76**	5,813	6 49.13
Investments	8				
Investments in subsidiaries		**5,842**	**6 73.71**	11,075	12 36.74
Receivables from group companies		**15,068**	**17 37.67**	11,278	12 59.41
		20,910	**24 11.39**	22,353	24 96.15
Total non-current assets		**26,656**	**30 74.03**	32,120	35 86.82
Current assets					
Inventories					
Raw materials and consumables		**9,694**	**11 17.93**	11,760	13 13.23
Semi-finished goods		**2,482**	**2 86.23**	2,787	3 11.22
		12,176	**14 04.16**	14,547	16 24.46
Receivables					
Trade receivables		**15,923**	**18 36.27**	13,183	14 72.14
Work in progress for third parties	9	**30,881**	**35 61.26**	29,658	33 11.89
Receivables from group companies		**36,159**	**41 69.93**	46,939	52 41.65
Deferred tax assets	12	**127**	**14.65**	-	-
Other receivables		**143**	**16.49**	863	96.37
Prepayments	10	**2,091**	**2 41.14**	2,271	2 53.60
		85,324	**98 39.74**	92,914	103 75.66
Cash at bank and in hand		**1,468**	**1 69.29**	381	42.55
Total current assets		**98,968**	**114 13.20**	107,842	120 42.66
Total assets		**125,624**	**144 87.23**	139,962	156 29.49

DANSTOKER A/S

Financial statements 1 April 2020 – 31 March 2021

Balance sheet

	Note	2020-21		2019-20	
		DKK'000	**Rs. Lacs**	DKK'000	Rs. Lacs
EQUITY AND LIABILITIES					
Equity					
Share capital	11	**10,001**	**11 53.34**	10,001	11 16.81
Reserve for development cost		**781**	**90.07**	1,180	1 31.77
Hedging reserve		**(47)**	**(5.42)**	-	-
Retained earnings		**23,169**	**26 71.90**	31,106	34 73.59
Total equity		**33,904**	**39 09.88**	42,287	47 22.17
Provisions					
Deferred tax	12	**-**	**-**	42	4.69
Other provisions		**4,683**	**5 40.05**	2,591	2 89.34
Total provisions		**4,683**	**5 40.05**	2,633	2 94.03
Liabilities other than provisions					
Non-current liabilities	13				
Lease liabilities		**1,282**	**1 47.84**	2,039	2 27.69
		1,282	**1 47.84**	2,039	2 27.69
Current liabilities					
Current portion of long-term liabilities	13	**904**	**1 04.25**	1,054	1 17.70
Bank loans		**34,504**	**39 79.07**	30,000	33 50.08
Prepayments received from customers	9	**11,653**	**13 43.85**	6,307	7 04.30
Trade payables		**11,423**	**13 17.32**	11,792	13 16.81
Payables to group companies		**6,592**	**7 60.20**	14,154	15 80.57
Other payables		**20,679**	**23 84.75**	29,696	33 16.14
		85,755	**98 89.45**	93,003	103 85.60
Total liabilities other than provisions		**87,037**	**100 37.29**	95,042	106 13.29
Total equity and liabilities		**125,624**	**144 87.23**	139,962	156 29.49

1 Accounting policies
2 Capital resources
15 Staff costs
16 Contractual obligations and contingencies, etc.13 Employee relations
17 Related parties
18 Appropriation of profit/loss

Statement of Changes in Equity for the period 1 April 2020 to 31 March 2021

Particulars	**Note**	**Share capital**		**Reserve for development cost**		**Hedging reserve**		**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 2020		10,001	11 53.34	1,180.00	1 36.08	-	-	31,106	35 87.21	42,287	48 76.63
Retained profit for the year	18	-	-	(399)	(46.01)	-	-	(7,073)	(8 15.67)	(7,472)	(8 61.69)
Adjustments of hedging instruments at fair value		-	-	-	-	(60)	(6.92)	-	-	(60)	(6.92)
Tax on items recognised directly in equity		-	-	-	-	13	1.50	-	-	13	1.50
Exchange rate adjustment in investments		-	-	-	-		-	(864)	(99.64)	(864)	(99.64)
Equity at 31 March 2021		**10,001**	**11 53.34**	**781**	**90.07**	**(47)**	**(5.42)**	**23,169**	**26 71.90**	**33,904**	**39 09.88**

The share capital consists of 1 share at a nominal amount of DKK 10,001,000.

Financial statements 1 April 2020 – 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of Danstoker A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium sized reporting class C entities.

In accordance with section 112(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.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher ranking parent company Thermax Denmark ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

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.

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® 2020.

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.

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, 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.

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.

Distribution costs

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 related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

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 purposes.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	3 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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

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 Company and its Danish group entities are jointly taxed. 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

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable 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 and 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 3 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straigh line basis over the expected useful life whcih has been fixed at 3 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.

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 and associates 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.

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 fixed assets

The carrying amount of intangible assets, property, plant and equipment and 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 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.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress for third parties

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting 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.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed 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".

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.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Income taxes

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

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.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year end x 100}}{\text{Total equity and liabilities, year end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average Equity}}$

2 Capital resources

Danstoker A/S has incurred a loss during 2021/22. Management expects growth, profitability and positive cash flow for 2021/22 but is also aware of potential temporary increases in working capital as result of increased activity. It is Managements expectation that the current credit lines, which are supported by Thermax Ltd. and therefore expected to continue unchanged, together with future capital contributions will be sufficient to cover fluctuations in cash flow for the financial year 2021/22.

3 Financial income

DKK'000	**2020/21**	2019/20
Interest income, group entities	**290**	496
Other financial income	**888**	442
	1,178	938

4 Financial expenses

DKK'000	**2020/21**	2019/20
Interest expenses, group entities	**98**	907
Other financial expenses	**2,156**	1,829
	2,254	2,736

5 **Tax for the year**

DKK'000	2020/21	2019/20
Estimated tax charge for the year	**39**	-834
Deferred tax adjustments in the year	**-282**	-2,666
	-243	-3,500

6 **Intangible assets**

DKK'000	Completed development projects	Acquired intangible assets	Intangible assets in progress	Total
Cost at 1 April 2020	1,556	3,292	1,508	6,356
Additions in the year	0	171	0	171
Disposals in the year	0	-1,053	0	-1,053
Transfer from other accounts	0	1,508	-1,508	0
Cost at 31 March 2021	1,556	3,918	0	5,474
Impairment losses and amortisation at 1 April 2020	43	2,359	0	2,402
Depreciation in the year	511	1,277	0	1,788
Reversal of depreciation of disposals	0	-692	0	-692
Impairment losses and amortisation at 31 March 2021	554	2,944	0	3,498
Carrying amount at 31 March 2021	**1,002**	**974**	**0**	**1,976**

7 **Property, plant and equipment**

DKK'000	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April 2020	29,477	3,114	32,591
Additions in the year	0	77	77
Disposals in the year	-22	-1,143	-1,165
Cost at 31 March 2021	29,455	2,048	31,503
Impairment losses and depreciation at 1 April 2020	24,534	2,244	26,778
Depreciation in the year	1,750	367	2,117
Reversal of depreciation of disposals	-22	-1,140	-1,162
Impairment losses and depreciation at 31 March 2021	26,262	1,471	27,733
Carrying amount at 31 March 2021	**3,193**	**577**	**3,770**
Property, plant and equipment include finance leases with a carrying amount totalling	2,112	297	2,409

8 **Investments**

DKK'000	Investments in group enterprises	Receivables from group entities	Total
Cost at 1 April 2020	30,379	11,278	41,657
Additions in the year	0	4,158	4,158
Cost at 31 March 2021	30,379	15,436	45,815
Value adjustments at 1 April 2020	-19,304	0	-19,304
Exchange adjustment	-283	-368	-651
Share of the profit/loss for the year	-4,737	0	-4,737
Equity adjustments, investments	-213	0	-213
Value adjustments at 31 March 2021	-24,537	-368	-24,905
Carrying amount at 31 March 2021	**5,842**	**15,068**	**20,910**

Name	Domicile	Interest
Subsidiaries		
Danstoker Poland Sp. Z.o.o.	Poland	100 %

9 **Work in progress for third parties**

DKK'000	2020/21	2019/20
Selling price of work performed	**98,100**	140,146
Progress billings	**-78,872**	-116,795
	19,228	23,351

recognised as follows:

DKK'000	2020/21	2019/20
Work in progress for third parties (assets)	**30,881**	29,658
Work in progress for third parties (liabilities)	**-11,653**	-6,307
	19,228	23,351

10 **Prepayments**

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

11 **Share capital**

The Company's share capital has remained DKK 10,001 thousand over the past 5 years.

12 **Deferred tax**

DKK'000	2020/21	2019/20
Deferred tax at 1 April	**42**	2,547
Defered tax adjustment, previous years	**113**	0
Defered tax adjustment for the year	**-282**	-2,505
Deferred tax at 31 March	**-127**	42

13 **Non-current liabilities other than provisions**

DKK'000	Total debt at 31/3 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	2,186	904	1,282	0
	2,186	904	1,282	0

14 **Provisions**

Other provisions consists of customs warranties, DKK 1,004 thousand (2019/20; DKK 568 thousand) and provision for guarantee obligations and other costs DKK 3,679 thousand (2019/20: DKK 2,023 thousand).

15 **Staff costs**

DKK'000	2020/21	2019/20
Wages/salaries	**51,442**	60,329
Pensions	**3,778**	4,118
Other social security costs	**546**	687
	55,766	65,134
Average number of full-time employees	**106**	117
Remuneration to members of Management:		
Executive Board	**2,964**	6,796
Board of Directors	**60**	60
	3,024	6,856

16 Contractual obligations and contingencies, etc.

Contingent liabilities

Lease obligations (operating leases) falling due within 3 years total DKK 905 thousand, hereof DKK 455 thousand fall due 2021/22.

The Company has entered into lease contracts. Tenancy commitments in lease buildings amount to DKK 4,583 thousand, of this DKK 4,583 thousand concerns 2021/22.

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 3,770 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 11,561 thousand.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 15,739 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.

17 Related parties

Danstoker A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thermax Denmark ApS	Denmark	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Denmark ApS	Denmark	www.cvr.dk
Thermax Ltd.	India	www.thermaxglobal.com

Related party transactions

Danstoker A/S was engaged in the below related party transactions:

DKK'000	2020/21	2019/20
Revenue	**3,650**	4,864
Production costs	**31,286**	23,379
Other expenses	**1,500**	2,359
Rent	**4,583**	4,493
Financial income	**290**	496
Financial expenses	**98**	907
Receivables from group companies	**51,227**	58,217
Payables to group companies	**6,592**	14,154
Group contribution to subsidiary	**0**	30,370

18 Appropriation of profit/loss

Recommended appropriation of profit/loss

DKK'000	2020/21	2019/20
Other statutory reserves	**-399**	517
Retained earnings/accumulated loss	**-7,073**	-6,180
	-7,472	-5,663

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Executive Board	*Registered Office*	*Auditors*	*Bankers*
Rakesh Rampratap Tripathi Rajendran Arunachalam	Industrivej Nord 13 DK - 7400 Herning	Ernst & Young Godkendt Revisionspartnerselskb Havnegade 33 DK - 6700 Esbjerg	Spar Nord Sydbank

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2020 - 31 March 2021.

The annual report is 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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, 10 May 2021
Executive Board:

Rakesh Rampratap Tripathi   Rajendran Arunachalam

Independent auditor's report

To the shareholder of Ejendomsanpartsselskabet Industrivej Nord 13

Opinion

We have audited the financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2020 - 31 March 2021, 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the 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 the 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 the 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, 10 May 2021
EY 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	7400 Herning
CVR no.	13 96 64 43
Established	9 January 1990
Registered office	Herning
Financial year	1 April 2020 31 March 2021
Executive Board	Rakesh Rampratap Tripathi Rajendran Arunachalam
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5 6700 Esbjerg, Denmark

Management's review

Business review

The Company's principal activity is to own and lease out the property lndustrivej Nord 13, DK 7400 Herning, and hold shares 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.

Financial review

The income statement for 2020/21 shows a profit of DKK 2,324 thousand against a profit of DKK 3,889 thousand last year, and the balance sheet at 31 March 2021 shows equity of DKK 27,795 thousand.

Management considers the result as satisfacotry.

Events after the balance sheet date

No events have occured after the balance sheet date which may materially affect the Company's financial position.

Outlook

Satisfacory results are expected for the financial year 2021/22.

EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

Income statement
for the period of 1 April 2020 - 31 March 2021

	Note	2020/21 DKK'000	2020/21 Rs Lacs	2019/20 DKK'000	2019/20 Rs Lacs
Gross profit		**4,515**	**5 20.68**	4,427	4 94.36
Depreciation of property, plant and equipment		**(901)**	**(1 03.91)**	(901)	(1 00.61)
Profit before net financials		**3,614**	**4 16.77**	3,526	3 93.75
Income from investments in group entities		**43**	**4.96**	1,573	1 75.66
Financial income	2	**228**	**26.29**	384	42.88
Financial expenses	3	**(918)**	**(1 05.87)**	(941)	(1 05.08)
Profit before tax		**2,967**	**3 42.16**	4,542	5 07.20
Tax on profit for the year	4	**(643)**	**(74.15)**	(653)	(72.92)
Profit for the year		**2,324**	**2 68.01**	3,889	4 34.28
Proposed profit appropriation					
Net revaluation reserve according to the equity method		**42**	**4.84**	1,573	1 75.62
Retained earnings		**2,282**	**2 63.17**	2,317	2 58.72
		2,324	**2 68.01**	3,890	4 34.34

Statement of Changes in Equity for the period 1st April 2020 to 31st March 2021

	Share Capital DKK'000	Share Capital Rs Lacs	Revaluation reserve DKK'000	Revaluation reserve Rs Lacs	Net revaluation reserve according to the equity method DKK'000	Net revaluation reserve according to the equity method Rs Lacs	Hedging reserve DKK'000	Hedging reserve Rs Lacs	Retained earnings DKK'000	Retained earnings Rs Lacs	Total DKK'000	Total Rs Lacs
Equity at 1 April 2020	200	23.06	2,017	2 32.60	8,374	9 65.71	-	-	14,632	16 87.39	25,223	29 08.77
Transfer through appropriation of profit	-	-	-	-	42	4.84	-	-	2,282	2 63.17	2,324	2 68.01
Adjustment of hedging instruments at fair value	-	-	-	-	-	-	318	36.67	-	-	318	36.67
Dissolution of previous years' revaluations	-	-	(83)	(9.57)	-	-	-	-	83	9.57	-	-
Tax on items recognised directly in equity	-	-	-	-	-	-	(70)	(8.07)	-	-	(70)	(8.07)
Equity at 31 March 2021	**200**	**23.06**	**1,934**	**2 23.03**	**8,416**	**9 70.55**	**248**	**28.60**	**16,997**	**19 60.13**	**27,795**	**32 05.38**

Exchange rate : as at 31st Mar 21 is 1 DKK = Rs 11.5322

Exchange rate : as at 31st Mar 20 is 1 DKK = Rs 11.1669

Balance sheet

	Note	2020/21 DKK'000	2020/21 Rs Lacs	2019/20 DKK'000	2019/20 Rs Lacs
ASSETS					
Non-current assets					
Property, plant and equipment	5				
Land and buildings		**23,878**	**27 53.66**	24,779	27 67.06
Investments	6				
Investments in subsidiary		**9,416**	**10 85.87**	9,374	10 46.79
		9,416	**10 85.87**	9,374	10 46.79
Total non-current assets		**33,294**	**38 39.53**	34,153	38 13.85
Current assets					
Receivables					
Receivables from group companies		**22,068**	**25 44.93**	18,330	20 46.90
Cash at bank and in hand		**-**	**-**	10	1.12
Total current assets		**22,068**	**25 44.93**	18,340	20 48.02
Total assets		**55,362**	**63 84.46**	52,493	58 61.87
EQUITY AND LIABILITIES					
Equity					
Share capital		**200**	**23.06**	200	22.33
Revaluation reserve		**1,934**	**2 23.03**	2,017	2 25.24
Net revaluation reserve according to the equity method		**8,416**	**9 70.55**	8,374	9 35.12
Hedging reserve		**248**	**28.60**	-	-
Retained earnings		**16,997**	**19 60.13**	14,632	16 33.95
Total equity		**27,795**	**32 05.38**	25,223	28 16.64
Provisions					
Provision for Deferred tax		**2,657**	**3 06.41**	2,604	2 90.79
Total provisions		**2,657**	**3 06.41**	2,604	2 90.79
Liabilities					
Liabilities other than provisions	7				
Mortgage debt		**9,154**	**10 55.66**	11,003	12 28.70
		9,154	**10 55.66**	11,003	12 28.70
Current liabilities other than provisions					
Current portion of long term liabilities	7	**1,449**	**1 67.10**	916	1 02.29
Bank debt		**73**	**7.59**	-	-
Payables to group entities		**9,947**	**11 47.11**	9,848	10 99.72
Other payables		**3,015**	**3 47.70**	1,634	1 82.47
Deferred income		**1,272**	**1 46.69**	1,265	1 41.26
		15,756	**18 16.18**	13,663	15 25.74
Total liabilities		**24,910**	**28 71.84**	24,666	27 54.44
Total equity and liabilities		**55,362**	**63 83.63**	52,493	58 61.87

1 Accounting policies

8 Contractual obligations and contingencies, etc.

9 Related parties

Financial statements for the period 1 April 2020– 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2020/21 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:

Land and 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

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. It is 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 fixed assets

The carrying amount of property, plant and equipment and 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.

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.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Income taxes

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

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 income

DKK'000	**2020/21**	2019/20
Interest income, group entities	**228**	384
	228	384

3 Financial expenses

DKK'000	**2020/21**	2019/20
Interest expenses, group entities	**99**	10
Other financial expenses	**819**	931
	918	941

4 Tax for the year

DKK'000	**2020/21**	2019/20
Estimated tax charge for the year	**590**	600
Deferred tax adjustments in the year	**53**	53
	643	653

5 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 April 2020	41,408
Cost at 31 March 2021	41,408
Revaluations at 1 April 2020	4,080
Revaluations at 31 March 2021	4,080
Impairment losses and depreciation at 1 April 2020	20,709
Amortisation/depreciation in the year	901
Impairment losses and depreciation at 31 March 2021	21,610
Carrying amount at 31 March 2021	23,878
Carrying amount at 31 March 2021, if no revaluation had been made	**21,399**

6 Investments

DKK'000	Investments in group entities
Cost at 1 April 2020	1,000
Cost at 31 March 2021	1,000
Value adjustments at 1 April 2020	8,374
Share of the profit/loss for the year	42
Value adjustments at 31 March 2021	8,416
Carrying amount at 31 March 2021	**9,416**

Name	Domicile	Interest
Subsidiaries		
Boilerworks Properties ApS under voluntary liquidation	Herning	100%

7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/3/2021	Repayment, next year	Long-term portion	Outstan-ding debt after 5 years
Mortgage debt	10,603	1,449	9,154	3,361
	10,603	1,449	9,154	3,361

8 Contractual obligations and contingencies, etc.

Contingent liabilities

Land and buildings with a carrying amount of DKK 23,878 thousand at 31 March 2021 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 10,603 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group related companies, DKK 5,706 thousand.

The Company has entered an interest rate swap contract concerning loan amounting to DKK 7,128 thousand, with a net position as of 31 March 2021 of DKK -1,003 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.

9 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Denmark ApS	Denmark	www.cvr.dk

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Board of Directors	***Registered Office***	***Auditors***	***Banker***
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	Sydbank

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, 2020 to March 31, 2021, 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, 2020 to March 31, 2021 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 28, 2021

Kaiser
(Wirtschaftsprüfer)
(German Public Auditor)

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Balance Sheet as at 31 March 2021

ASSETS

	2020-21		2019-20	
	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	**4,557**	**3.91**	2	0.00
II. Tangible assets				
1. Land, similar rights and buildings, including buildings on third-party land	**3,608**	**3.09**	4,621	3.85
2. Other equipment, factory and office equipment	**333,640**	**2 86.05**	100,341	83.61
	337,247	**2 89.15**	104,961	87.46
B. Current assets				
I. Stocks				
1. Finished goods and unfinished goods	**882,214**	**7 56.39**	1,001,115	8 34.17
	882,214	**7 56.39**	1,001,115	8 34.17
II. Debtors and other assets				
1. Trade debtors	**417,886**	**3 58.29**	322,811	2 68.98
2. Other assets	**40,449**	**34.68**	5,920	4.93
	458,335	**3 92.97**	328,731	2 73.91
III. Cash-in-hand, postal giro balances and bank balances	**1,302**	**1.12**	2,385	1.99
C. Prepaid expenses	**8,276**	**7.10**	8,641	7.20
	1,691,932	**14 50.62**	1,445,834	12 04.73

EQUITY AND LIABILITIES

	2020-21		2019-20	
	EUR	**Rs Lacs**	EUR	Rs Lacs
A. Equity				
I. Subscribed capital	**716,469**	**6 14.28**	716,469	5 96.99
II. Unappropriated profits brought forward	**(43,808)**	**(37.56)**	(195,654)	(1 63.03)
III. Net income for the year	**105,533**	**90.48**	151,846	1 26.52
	778,194	**6 67.20**	672,661	5 60.49
B. Provisions				
Other provisions	**151,296**	**1 29.72**	113,499	94.57
C. Creditors				
1. Liabilities to banks	**136,692**	**1 17.20**	474,219	3 95.14
2. Advance payment received	**400,000**	**3 42.95**	-	-
3. Trade creditors	**159,188**	**1 36.48**	123,340	1 02.77
4. Other creditors	**66,562**	**57.07**	62,116	51.76
	762,442	**6 53.70**	659,674	5 49.67
-of with taxes : EUR 18,618.65 (2020 : TEuro 28)				
	1,691,932	**14 50.62**	1,445,834	12 04.73

Exchange rate : as at 31st Mar 21 is 1 Euro = Rs 85.7375

Exchange rate : as at 31st Mar 20 is 1 Euro = Rs 83.3241

Income Statement
for the financial year from April 1,2020 to March 31,2021

		2020-21		2019-20	
		EUR	**Rs Lacs**	EUR	Rs Lacs
1.	Turnover	**2,817,351**	**24 15.53**	3,416,038	28 46.38
2.	Inventory changes- finished and unfinished goods	**(118,900)**	**(1 01.94)**	64,013	53.34
3.	Other operating income	**261,743**	**2 24.41**	216,270	1 80.20
		2,960,194	**25 38.00**	3,696,321	30 79.93
4.	Cost of materials				
	a) Cost of raw materials, consumables and goods for resale	**599,374**	**5 13.89**	943,609	7 86.25
	b) Cost for purchased services	**145,824**	**1 25.03**	120,329	1 00.26
		745,197	**6 38.91**	1,063,938	8 86.52
5.	Staff costs				
	a) Wages and salaries	**1,245,295**	**10 67.69**	1,638,035	13 64.88
	b) Social security, pension and other benefits	**388,789**	**3 33.34**	343,700	2 86.39
		1,634,084	**14 01.02**	1,981,735	16 51.26
6.	Amortisation and depreciation of fixed intangible and tangible assets	**50,477**	**43.28**	32,570	27.14
7.	Other operating charges	**416,929**	**3 57.46**	451,682	3 76.36
		2,101,489	**18 01.76**	2,465,986	20 54.76
8.	Other interest receivable and similar income	–	–	–	–
9.	Interest payable and other similar charges	**7,974**	**6.84**	14,551	12.12
10.	Profit on ordinary activities	**105,533**	**90.48**	151,846	1 26.52
11.	Taxes on profit	–	–	–	–
12.	Profit for the year	**105,533**	**90.48**	151,846	1 26.52

Notes to the Financial Statements for the financial year 01.04.2020-31.03.2021

A. General information on the annual financial statements

The annual financial statements as at 31 March 2021 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 or the declining-value 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.

Liabilities are recognized at the fulfillment value.

C. Notes to the Balance Sheet

The development of the fixed assets is attached as appendix.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

D. Other Information

In the financial year, an average of 28 employees were employed (previous year 27).

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, with some employees being on short-time work. Effects on the net assets, financial position and results of operations from April 1, 2021 cannot currently be predicted sufficiently reliably and were therefore not shown in the annual financial statements as of March 31, 2021.

Bremen, 28. April 2021

Rifox-Hans Richter GmbH Spezialarmaturen

Holger Mundt, Rabindranath Pillai, Rakesh Rampratap Tripathi,
Merchants Managing Director

RIFOX-HANS RICHTER GMBH SPEZIALARMATUREN, BREMEN

Fixed Asset Movement Schedule to March 31, 2021

	Book value April 1, 2020	Additions	Disposals	Depreciation	Book value March 31, 2021
	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	4,825.62	1.50	268.62	4,557.00
	1.50	4,825.62	1.50	268.62	4,557.00
II. Tangible assets					
1. Land, similar rights and buildings including buildings on third party land	4,620.50	-	106.00	907.00	3,607.50
2. Other equipment, factory and office equipment	100,340.54	282,605.12	5.00	49,301.15	333,639.51
	104,961.04	282,605.12	111.00	50,208.15	337,247.01
	104,962.54	**287,430.74**	**112.50**	**50,476.77**	**341,804.01**

THERMAX SDN. BHD.
(Incorporated in Malaysia)

Board of Directors

Sandeep Shirsat

Jawahar Harinarayanan (Resigned on 10 September 2020)

Sandeep Mandke

Registered Office

Suite 50-4-3A
4th Floor, Wisma UOA Damansara
50, Jalan Dungun
50490 Kuala Lumpur

Auditors

HLB AAC PLT
Chartered Accountants
18 Jalan Pinggir 1/64, Jalan Kolam Air, Off
Jalan Sultan Azlan 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

DIRECTOR'S 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 2021.

Principal Activity

The principal activity of the Company is that of undertaking market research and business development in Malaysia.

During the financial year, the Company has expanded its principal activity to provision of erection, commissioning and supervision services.

Financial Results

	RM
Profit for the financial year	**39,030**

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

Issue of Shares and Debentures

There were no issuances of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Shirsat Sandeep Manohar

Mandke Sandeep Suresh

Director's Interests in Shares or Debentures

According to the register of Director's 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 1.4.2021	Acquired	Disposed	As at 31.3.2021
Interest in the immediate holding company - Thermax Limited				
Direct interest				
Mandke Sandeep Suresh	75	–	–	**75**

Other than as disclosed above, according to the register of Director's 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.

Director's 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.

Director's Remuneration

Details of Director's remuneration are disclosed in Note 9 to the financial statements.

Auditor's Remuneration

Details of auditor's remuneration are disclosed in Note 9 to the financial statements.

Indemnity and Insurance for Directors and officers

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

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, HLB AAC PLT (LLP0022843-LCA & AF001977) (formerly known as Morison AAC PLT), have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

SHIRSAT SANDEEP MANOHAR MANDKE SANDEEP SURESH

Kuala Lumpur

Date: 5 May 2021

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, SHIRSAT SANDEEP MANOHAR and MANDKE SANDEEP SURESH, two of the Directors of THERMAX SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements 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 2021 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.

SHIRSAT SANDEEP MANOHAR MANDKE SANDEEP SURESH

Kuala Lumpur

Date: 5 May 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, SHIRSAT SANDEEP MANOHAR, being the Director primarily responsible for the financial management of THERMAX SDN. BHD., do solemnly and sincerely declare that the financial statements 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)
SHIRSAT SANDEEP MANOHAR

at Kuala Lumpur)

on this date of 5 May 2021) SHIRSAT SANDEEP MANOHAR

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF THERMAX SDN. BHD.

Registration No.: 201101016787 (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 2021, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 Auditor's 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 auditor's 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 Director's Report and, in doing so, consider whether the Director's 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.

Auditor's 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 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 approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director'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 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 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 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.

HLB AAC PLT	TANG YAN YU
(LLP0022843-LCA & AF001977)	Approved Number: 03452/10/2021 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

5 May 2021

THERMAX SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021		2020	
		RM	Rs Lacs	RM	Rs Lacs
Non-Current assets					
Property, Plant and Equipment	3	**349**	**0.06**	426	0.07
Current Assets					
Other receivables	4	**237,426**	**41.87**	47,380	8.30
Amount owing by immediate Holding Company	5	**584,397**	**1 03.07**	404,140	70.79
Amount owing by Director	6	**8,271**	**1.46**	9,059	1.59
Cash & Bank Balance		**177,859**	**31.37**	370,887	64.97
		1,007,953	**1 77.77**	831,466	1 45.65
Current Liabilities					
Other Payables	7	**172,333**	**30.39**	34,550	6.05
Tax Payable		**23,803**	**4.20**	24,206	4.24
		196,136	**34.59**	58,756	10.29
Net Current assets		**811,817**	**1 43.18**	772,710	1 35.35
		812,166	**1 43.24**	773,136	1 35.43
Financed By:					
Share Capital	8	**500,002**	**88.18**	500,002	87.58
Retained Profits		**312,164**	**55.06**	273,134	47.84
Shareholder's fund		**812,166**	**1 43.24**	773,136	1 35.43

Approved by the Board of Directors on 5th May, 2021 and signed on its behalf by:

Sandeep Shirsat
Director

Sandeep Mandke
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year ended 31 March 2021

	Notes	2021		2020	
		RM	Rs Lacs	RM	Rs Lacs
Other Operating income		**1,361,868**	**2 40.19**	1,808,940	3 16.87
Administration Expenses		**(1,284,255)**	**(2 26.50)**	(1,692,611)	(2 96.49)
Profit Before Taxation	9	**77,613**	**13.69**	116,329	20.38
Taxation	10	**(38,583)**	**(6.80)**	(44,424)	(7.78)
Profit / Total comprehensive income for the financial year		**39,030**	**6.88**	71,905	12.60

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2021 is 1 RM = Rs 17.64
Exchange Rate : as at 31 March 2020 is 1 RM = Rs 17.52

STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 March 2021

	Share Capital		Retained Profits		Total	
	RM	Rs Lacs	RM	Rs Lacs	RM	Rs Lacs
At 1 April 2020	500,002	88.18	273,134	48.17	773,136	1 36.36
Profit / Total comprehensive income for the year	-	-	39,030	6.88	39,030	6.88
At 31 March 2021	**500,002**	**88.18**	**312,164**	**55.06**	**812,166**	**1 43.24**
At 1 April 2019	500,002	88.18	201,229	35.49	701,231	1 23.68
Profit / Total comprehensive income for the year	-	-	71,905	12.68	71,905	12.68
At 31 March 2020	500,002	88.18	273,134	48.17	773,136	1 36.36

STATEMENT OF CASH FLOWS

For the Financial Year ended 31 March 2021

	2021		2020	
	RM	Rs Lacs	RM	Rs Lacs
Cash Flows From Operating Activities				
Profit before taxation	**77,613**	**13.69**	116,329	20.38
Adjustments for:-				
Depreciation of property, plant and equipment	**77**	**0.01**	77	0.01
Operating profit before working capital changes	**77,690**	**13.70**	116,406	20.39
Changes in working capital				
Other receivables	**(190,046)**	**(33.52)**	(8,804)	(1.54)
Amount owing by immediate holding company	**(180,257)**	**(31.79)**	216,787	37.97
Other Payables	**137,783**	**24.30**	(40,639)	(7.12)
Amount Owing by a Director	**788**	**0.14**	(8,981)	(1.57)
	(231,732)	**(40.87)**	158,363	27.74
Cash (used in)/ generated from operating activities	**(154,042)**	**(27.17)**	274,769	48.13
Tax paid	**(38,986)**	**(6.88)**	(68,780)	(12.05)
Net cash (used in)/ generated from operating activities	**(193,028)**	**(34.04)**	205,989	36.08
Net (decrease)/ increase in cash and cash equivalents	**(193,028)**	**(34.04)**	205,989	36.08
Cash and cash equivalents at the beginning of the financial year	**370,887**	**65.41**	164,898	28.88
Cash and cash equivalents at end of the financial year	**177,859**	**31.37**	370,887	64.97
Cash and cash equivalents at end of the financial year comprises:				
Cash & Bank Balances	**177,859**	**31.37**	370,887	64.97

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. During the financial year, the Company has expanded its principal activity to provision of erection, commissioning and supervision services.

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 Director's 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 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 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

<u>Gains and losses</u>

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 1.4.2020/31.3.2021	770
Accumulated depreciation	
At 1.4.2020	344
Charge for the financial year	77
At 31.3.2021	421
Carrying amount	
At 31.3.2021	349
At 31.3.2020	426
Depreciation charge for the financial year ended 31.3.2020	77

4. Other Receivables

	2021 RM	2020 RM
Other receivables	**22,153**	24,607
Advance paid to suppliers	**193,250**	–
Deposits	**22,023**	22,773
	237,426	47,380

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

	2021 RM	2020 RM
Other payables	**2,629**	4,950
Advances received from customers	**150,821**	–
Accruals	**18,883**	29,600
	172,333	34,550

8. Share Capital

	Number of ordinary shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 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 :

	2021 RM	2020 RM
Auditors' remuneration		
– Current year	**5,200**	6,500
– Under provision in prior year	**–**	1,100
Director's remuneration		
– Salary and allowances	**197,351**	259,277
– Benefits in kind	**112,069**	129,205
Depreciation of property, plant and equipment	**77**	77
Loss/(Gain) on realised foreign exchange	**–**	3,830
Office rental	**16,500**	14,000

10. Taxation

	2021 RM	2020 RM
Current taxation:		
– Current year	**38,931**	51,099
– (Over)/Under provision in prior year	**(348)**	(6,675)
	38,583	44,424

Income tax is calculated at the statutory rate of 24% (2020: 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:

	2021 RM	2020 RM
Profit before taxation	**77,613**	116,329
Taxation on statutory tax rate of 24% (2020: 24%)	**18,627**	27,919
Expenses not deductible for tax purposes	**20,304**	23,180
Over provision of taxation in prior years	**(348)**	(6,675)
Taxation for the financial year	**38,583**	44,424

11. Staff Information

	2021 RM	2020 RM
Staff costs (excluding Directors)	**830,720**	868,171

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM19,375 (2020: RM16,682).

The total number of employees of the Company (excluding Directors) at the end of the financial year was 5 (2020: 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:

	2021 RM	2020 RM
Administration fee charged to immediate holding company	**1,361,868**	1,808,940

13. Financial Instruments

The table below provides an analysis of financial instruments and their categories in which they are subsequently measured:

	2021	2020
	Amortised costs RM	Amortised costs RM
Financial assets		
Other receivables	**237,426**	47,380
Amount owing by immediate holding company	**584,397**	404,140
Amount owing by a Director	**8,271**	9,059
Cash and bank balances	**177,859**	370,887
	1,007,953	831,466
Financial liability		
Other payables	**172,333**	34,550

14. Date of Authorisation for Issue

The financial statements of the Company for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2021.

BOILERWORKS A/S

Board of Directors	*Registered Office*	*Auditors*
Rakesh Rampratap Tripathi(Chairman) Rajendran Arunachalam (Vice chairman) Peter Overgaard (CEO)	Industrivej Nord 13, 7400 Herning	Emst & Yound Godkendt Revisionspartnerselskab Havnegade 33 DK 6700 Esbjerg
Executive Directors	***Bankers***	
Peter Overgaard (CEO)	Citi Bank Sydbank	

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Boilerworks A/S for the financial year 1 April 2020 - 31 March 2021.

The annual report is 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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, 10 May 2021

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 2020 - 31 March 2021, 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the 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 the 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 the 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, 10 May 2021
EY 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	Industrivej Nord 13
Zip code, city	7400 Herning
CVR no.	35 22 67 88
Established	12 April 2013
Registered office	Herning
Financial year	1 April 2020 - 31 March 2021
Telephone	+45 73 64 48 50
Board of Directors	Rakesh Rampratap Tripathi (Chairman) Rajendran Arunachalam (Vice Chairman) Peter Overgaard
Executive Board	Peter Overgaard
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5 6700 Esbjerg, Denmark

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Gross profit	**3,660**	48	-4,199	13,086	8,800
Operating profit/loss	**-9,499**	-9,400	-17,055	52	-2,619
Profit/loss before tax	**-9,361**	-10,230	-17,687	129	-2,770
Profit/loss for the year	**-7,719**	-7,981	-13,797	106	-2,164
Total assets	**16,667**	33,365	38,126	36,777	27,428
Investments in property, plant and equipment	**0**	95	1,045	308	789
Equity	**-3,964**	3,711	-13,284	615	355
Financial ratios					
Equity ratio	**-23.8%**	11.1%	-34.8%	1.7%	1.3%
Average number of employees	**20**	50	82	82	82

Management's review

Business review

Boilerworks A/S, which has its registered address in the Danish municipality of Herning, is a fully owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

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.

Financial review

Boilerworks service activities was by November 1st sold off to VODA A/S. The still ongoing business is closing down of old project and service activities and sales of heat exchangers.

The overall results achieved by Boilerworks this year are significantly lower than provided for in the budget. The result achieved is not satisfactory and is mainly caused by the closing down of the Service activities.

The loss for the year before tax is DKK 9,361 thousand and loss after tax DKK 7,719 thousand. Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re established through capital contributions once all projects and service activities are finanlized.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Outlook

Boilerworks' volume of orders at the end of the financial year is rather limited due to the sales to VODA A/S.

Boilerworks will slowly close down as projects and service activities are finalized and warranty obligations are running out.

BOILERWORKS A/S

Financial statements 1 April 2020 – 31 March 2021

Balance Sheet at 31 March 2021

	Note	2020/21		2019/20	
		DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
ASSETS					
Non-current assets					
Intangible assets	6				
Completed development projects		-	-	1,321	1 47.52
Goodwill		-	-	1,381	1 54.22
		-	-	2,702	3 01.73
Property, plant and equipment	7				
Plant and machinery		-	-	549	61.31
Other fixtures and fittings, tools and equipment		-	-	373	41.65
		-	-	922	1 02.96
Total non-current assets		-	-	3,624	4 04.69
Current assets					
Inventories					
Raw materials and consumables		**2,179**	**2 51.29**	1,221	1 36.35
Semi Finished Goods		-	-	350	39.08
		2,179	**2 51.29**	1,571	1 75.43
Receivables					
Trade receivables		**336**	**38.75**	4,279	4 77.83
Work in progress for third parties	8	**10,790**	**12 44.33**	20,265	22 62.98
Deferred Tax Assets	9	**2,240**	**2 58.32**	820	91.57
Other receivables		**57**	**6.57**	1,629	1 81.91
Prepayments		-	-	277	30.93
		13,423	**15 47.97**	27,270	30 45.23
Cash at bank and in hand		**1,065**	**1 22.82**	900	1 00.50
Total current assets		**16,667**	**19 22.07**	29,741	33 21.16
Total assets		**16,667**	**19 22.07**	33,365	37 25.85
EQUITY AND LIABILITIES					
Equity					
Share capital		**500**	**57.66**	500	55.83
Reserve for Development projects		-	-	1,030	1 15.02
Hedging reserve		**44**	**5.07**	-	-
Retained earnings		**(4,508)**	**(5 19.87)**	2,181	2 43.55
Total equity		**(3,964)**	**(4 57.14)**	3,711	4 14.41
Provisions					
Other provisions		**2,971**	**3 42.62**	550	61.42
Total provisions		**2,971**	**3 42.62**	550	61.42
Liabilities					
Non-current liabilities other than provisions					
Lease liabilities	10	**104**	**11.99**	485	54.16
		104	**11.99**	485	54.16
Current liabilities					
Current portion of long term liabilities	10	**93**	**10.72**	235	26.24
Work in progress for third parties	8	**67**	**7.73**	1,704	1 90.28
Trade payables		**842**	**97.10**	5,339	5 96.15
Payables to group enterprises		**11,592**	**13 36.81**	14,065	15 70.58
Other payables		**4,962**	**5 72.23**	7,277	8 12.62
		17,556	**20 24.60**	28,619	31 95.87
Total liabilities		**17,660**	**20 36.59**	29,104	32 50.03
Total Equity And liabilities		**16,667**	**19 22.07**	33,365	37 25.85

1 Accounting policies
2 Capital resources
3 Special items
12 Staff costs
13 Contractual obligations and contingencies, etc.
14 Collateral
15 Related parties
16 Appropriation of profit/loss

Income Statement

	Note	2020/21		2019/20	
		DKK'000	**Rs Lacs**	DKK'000	Rs Lacs
Gross profit		**3,660**	**4 22.08**	48	5.36
Distribution costs		**(2,911)**	**(3 35.70)**	(3,583)	(4 00.11)
Administrative expenses		**(10,198)**	**(11 76.06)**	(5,865)	(6 54.94)
Operating (Loss)/ Profit		**(9,449)**	**(10 89.68)**	(9,400)	(10 49.69)
Financial income		**649**	**74.84**	2,139	2 38.86
Financial expenses	4	**(561)**	**(64.70)**	(2,969)	(3 31.55)
Profit / (Loss) before tax		**(9,361)**	**(10 79.53)**	(10,230)	(11 42.38)
Tax on profit / (loss) for the year	5	**1,642**	**1 89.36**	2,249	2 51.14
Profit / (Loss) for the year		**(7,719)**	**(8 90.17)**	(7,981)	(8 91.23)

Statement of Changes in Equity

	Note	Share capital		Reserve for development projects		Hedging reserve		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 2020		500	57.66	1,030	1 18.78	-	-	2,181	2 51.52	3,711	4 27.96
Transfer see "Proposed profit / loss appropriation"		-	-	(1,030)	(1 18.78)	-	-	(6,689)	(7 71.39)	(7,719)	(8 90.17)
Adjustment of hedging instruments at fair value		-	-	-	-	57	6.57	-	-	-	6.57
Tax on items recognised directly in equity		-	-	-	-	(13)	(1.50)	-	-	-	(1.50)
Equity at 31 March 2021		500	57.66	-	-	44	5.07	(4,508)	(5 19.87)	(4,008)	(4 57.14)

The contributed capital consists of 1 share at a nominal value of DKK 500,000

Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finanlized.

Exchange rate : as at 31st Mar 21 is 1 DKK = Rs 11.5322
Exchange rate : as at 31st Mar 20 is 1 DKK = Rs 11.1669

Financial statements 1 April 2020 – 31 March 2021
Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

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 cash flow of Boilerworks A/S forms part of the comolidated cash flow in the comolidated financial statements of the Danish parent company Thermax Denmark ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Derivative financial instruments

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 presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

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.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

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.

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 and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired intangible assets	3 years
Goodwill	20 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.

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
Other fixtures and fittings, tools and equipment	3 - 5 years

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

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.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets 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 expenses, salaries and amortistion directly on or indirectly attributable to development activities.

Development costs that are recognised on 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.

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.

Depreciation is recognised in the income statement as production costs (gross profit), sales/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 obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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 fixed 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.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress for third parties

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Cash

Cash comprise cash.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed 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".

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

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.

Income taxes

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 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

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

$$\text{Equity ratio} = \frac{\text{Equity, year end x 100}}{\text{Total equity and liabilities, year end}}$$

2 Capital resources

The Company is financed by payables to group companies. Group companies have declared that such payables will not be withdrawn unless sufficient cash resources in the company is available.

3 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

Special items for the year comprises costs related to the sale of assets and activities. The costs amounts to DKK 7,718 thousand and consist of termination fees of rental and lease agreements, impairment of tangible and intagible assets, one-off payment to the counter part and costs for legal counselling.

DKK'000	**2020/21**
Expenses	
Costs related to the sale of assets	**7,718**
	7,718
Special items are recognised in the below items of the financial statements	
Production costs	**805**
Administration expenses	**6,913**
Net profit on special items	**7,718**

4 Financial expenses

DKK'000	**2020/21**	2019/20
Interest expenses, group entities	**40**	317
Other financial expenses	**521**	2,652
	561	2,969

5 Tax for the year

DKK'000	**2020/21**	2019/20
Estimated tax charge for the year	**-181**	-274
Deferred tax adjustments in the year	**-1,461**	-1,975
	-1,642	-2,249

6 Intangible assets

DKK'000	**Completed development projects**	**Patents and licences**	**Goodwill**	**Total**
Cost at 1 April 2020	3,134	792	2,116	6,042
Additions in the year	-	1,852	-	1,852
Cost at 31 March 2021	3,134	2,644	2,116	7,894
Impairment losses and amortisation at 1 April 2020	1,813	792	735	3,340
Impairment losses in the year	699	1,672	1,302	3,673
Amortisation/ depreciation in the year	622	180	79	881
Impairment losses and amortisation at 31 March 2021	3,134	2,644	2,116	7,894
Carrying amount at 31 March 2021	-	-	-	-

7 Property, plant and equipment

DKK'000	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Total**
Cost at 1 April 2020	4,043	719	4,762
Disposals in the year	-3,745	-505	-4,250
Cost at 31 March 2021	298	214	512
Impairment losses and depreciation at 1 April 2020	3,494	346	3,840
Impairment losses in the year	149	26	175
Amortisation/depreciation in the year	234	82	316
Reversal of amortisation/ depreciation and impairment of disposals	-3,579	-240	-3,819
Impairment losses and depreciation at 31 March 2021	298	214	512
Carrying amount at 31 March 2021	-	-	-

8 Work in progress for third parties

DKK'000	**2020/21**	2019/20
Selling price of work performed	**82,300**	98,845
Progress billings	**-71,577**	-80,284
	10,723	18,561
recognised as follows:		
Work in progress for third parties (assets)	**10,790**	20,265
Work in progress for third parties (liabilities)	**-67**	-1,704
	10,723	18,561

9 Deferred tax

DKK'000	2020/21	2019/20
Deferred tax at 1 April	**-820**	1,155
Deferred tax adjustement, previous years	**41**	-
Deferred tax adjustment for the year	**-1,461**	-1,975
Deferred tax at 31 March	**-2,240**	-820

Deferred tax adjustments primarily realtes to tax loss carry-forwards and other provisions

10 Non-current liabilities

DKK'000	Total debt at 31/3 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	197	93	104	0
	197	93	104	0

11 Provisions

Other provisions consists of custom warranties commitments.

12 Staff costs

DKK'000	2020/21	2019/20
Wages/salaries	**10,675**	29,963
Pensions	**783**	1,919
Other social security costs	**170**	114
	11,628	31,996
Average number of full-time employees	**20**	50

The Company did not pay any remuneration to Management during the financial year. Remuneration paid in the year of comparison is DKK 0.

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

14 Collateral

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 10,548 thousand.

15 Related parties

Boilerworks A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thermax Denmark ApS	Herning	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Thermax Denmark ApS	Denmark	www.cvr.dk
Thermax Ltd.	India	www.thermaxglobal.com

Related party transactions

Boilerworks A/S was engaged in the below related party transactions:

DKK'000	2020/21	2019/20
Financial expenses	**40**	317
Revenue	**13,026**	8,699
Production costs	**8,496**	3,240
Rent	**-**	75
Payables to group companies	**11,592**	14,065
Equity contribution from parent company	**-**	25,000

16 Appropriation of profit/loss

Recommended appropriation of profit/loss

DKK'000	2020/21	2019/20
Other statutory reserves	**-1,030**	-761
Retained earnings/accumulated loss	**-6,689**	-7,220
	-7,719	-7,981

THERMAX ENGINEERING SINGAPORE PTE LTD

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
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	Citi Bank, Singapore

Director's Statement

For the financial year ended 31 March 2021

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2021.

In the opinion of the directors,

(a) the financial statements as set out are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 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

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.

Director's interests in shares or debentures

According to the register of Director's 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 (Number of Shares)	
	At 31.03.2021	**At 1.4.2020**
Pheroz Naswanjee Pudumjee		
- Thermax Limited (Immediate Holding Corporation)	**6,000**	6,000
- ARA Trusteeship Company Pvt. Ltd	**500**	500
- Thermax Engineering Construction Company Ltd.	**10**	10
- Thermax Cooling Solutions Limited	**1**	1
- Thermax Onsite Energy Solutions Ltd.	**1**	1
- Thermax Sustainable Energy Solutions Ltd.	**10**	**10**
- Thermax Instrumentation Ltd.	**1**	1
- Mephezalea SFO DMCC, Dubai	**-**	200
- Mephezalea Singapore PTE LTD, Singapore	**-**	100
Rajendran Arunachalam		
- Thermax Limited (Immediate Holding Corporation)	**500**	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
Director

Hemant Prabhakar Mohgaonkar
Director

Date: 30 June 2021

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 2021 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 2021;
- the balance sheet as at 31 March 2021;
- 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 Director's 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 Director's 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 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 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: 30 June 2021

Statement of Comprehensive Income

For the financial year ended 31 March 2021

PARTICULARS	Notes	For the financial year ended 31 March 2021		For the financial year ended 31 March 2020	
		USD	Rs Lacs	USD	Rs Lacs
Interest Income from Bank deposits		**-**	**-**	10,203	7.71
Currency exchange loss - net		**(6,062)**	**(4.43)**	(4,200)	(3.17)
		(6,062)	**(4.43)**	6,003	4.54
OTHER LOSS					
- Impairment Loss on investment in subsidiaries	9	**(4,628,809)**	**(33 83.89)**	-	-
EXPENSES					
- Professional and Legal Fees		**(67,972)**	**(49.69)**	(101,242)	(76.49)
- Employee Compensation	4	**(132,252)**	**(96.68)**	(19,119)	(14.44)
- Depreciation of Property, Plant & Equipment	7	**(126,009)**	**(92.12)**	(24,454)	(18.47)
- Bank charges		**(319)**	**(0.23)**	(1,116)	(0.84)
- Finance Expenses on Lease Liabilities	8	**(7,111)**	**(5.20)**	(2,173)	(1.64)
- Others		**(7,783)**	**(5.69)**	(34)	(0.03)
Total Expenses		**(341,446)**	**(2 49.61)**	(148,138)	(1 11.92)
Loss before tax		**(4,976,317)**	**(36 37.94)**	(142,135)	(1 07.38)
Income tax expense	5	**-**	**-**	-	-
Loss after tax and total comprehensive loss		**(4,976,317)**	**(36 37.94)**	(142,135)	(1 07.38)

Exchange Rate : as at 31 March 2021 is 1 USD = Rs 73.1050
Exchange Rate : as at 31 March 2020 is 1 USD = Rs 75.55

Balance Sheet as at 31 March 2021

PARTICULARS	Notes	2021		2020 (Restated)	
		USD	Rs Lacs	USD	Rs Lacs
ASSETS					
Current assets					
Cash & cash equivalents		**1,271,476**	**9 29.51**	2,773,249	20 95.19
Other current assets	6	**10,481**	**7.66**	12,677	9.58
		1,281,957	**9 37.17**	2,785,926	21 04.77
Non-current assets					
Property, plant and equipment	7	**316,330**	**2 31.25**	381,085	2 87.91
Investments in a subsidiaries	9	**16,439,365**	**120 18.00**	19,963,154	150 82.16
Financial Asset, at FVOCI	10	**1**	**0.00**	1	0.00
Total assets		**18,037,653**	**131 86.43**	23,130,166	174 74.84
LIABILITIES					
Current liabilities					
Other payables	11	**11,432**	**8.36**	27,506	20.78
Lease Liability	8	**126,971**	**92.82**	112,900	85.30
		138,403	**1 01.18**	140,406	1 06.08
Non Current Liabilities					
Lease Liability	8	**95,271**	**69.65**	209,464	1 58.25
Total Liabilities		**233,674**	**1 70.83**	349,870	2 64.33
NET ASSETS		**17,803,979**	**130 15.60**	22,780,296	172 10.51
EQUITY					
Share capital	12	**22,984,356**	**168 02.71**	22,984,356	173 64.68
Retained earnings		**(5,180,377)**	**(37 87.11)**	(204,060)	(1 54.17)
Total Equity		**17,803,979**	**130 15.60**	22,780,296	172 10.51

Approved by the Board of Directors on 30th June 2021 and signed on its behalf by:

Hemant Mohgaonkar
Director

Rajendran Arunachalam
Director

THERMAX ENGINEERING SINGAPORE PTE LTD

Statement of Changes in Equity

For the financial year ended 31 March 2021

	Share Capital		Retained earnings		Total Equity	
2021	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**	**USD**	**Rs Lacs**
Beginning of financial year	**22,984,356**	**168 02.71**	**(204,060)**	**(1 49.18)**	**22,780,296**	**166 53.54**
Total comprehensive loss	**-**	**-**	**(4,976,317)**	**(36 37.94)**	**(4,976,317)**	**(36 37.94)**
End of financial year	**22,984,356**	**168 02.71**	**(5,180,377)**	**(37 87.11)**	**17,803,979**	**130 15.60**
2020						
Beginning of financial year	22,984,356	168 02.71	(61,925)	(45.27)	22,922,431	167 57.44
Total comprehensive loss	-	-	(142,135)	(1 03.91)	(142,135)	(1 03.91)
End of financial year	22,984,356	168 02.71	(204,060)	(1 49.18)	22,780,296	166 53.54

Statement of Cash Flows

For the financial year ended 31 March 2021

PARTICULARS	For the financial year ended 31 March 2021		For the financial year ended 31 March 2020 (Restated)	
	USD	Rs Lacs	USD	Rs Lacs
Cash flow from operating activities				
Loss before tax	**(4,976,317)**	**(36 37.94)**	(142,135)	(1 07.38)
Adjustments for:				
-Interest income	**-**	**-**	(10,203)	(7.71)
-Interest expense	**7,111**	**5.20**	2,173	1.64
-Depreciation of Property, plant & equipment	**126,009**	**92.12**	24,454	18.47
-Impairment Loss on investment in subsidiaries	**4,628,809**	**33 83.89**	-	-
	(214,388)	**(1 56.73)**	(125,711)	(94.97)
Changes in working capital:				
- Other Current assets	**2,196**	**1.61**	(9,174)	(6.93)
- Other Payables	**(16,074)**	**(11.75)**	19,023	14.37
Cash used in operations	**(228,266)**	**(1 66.87)**	(115,862)	(87.53)
Net cash used in operating activities	**(228,266)**	**(1 66.87)**	**(115,862)**	**(87.53)**
Cash flows from investing activities				
Interest received	**-**	**-**	10,203	7.71
Additions to property, plant & equipment	**(43,516)**	**(31.81)**	(58,721)	(44.36)
Additions to investments in subsidiaries	**(1,105,020)**	**(8 07.82)**	-	-
Purchase of Financial Asset, at FVOCI	**-**	**-**	(1)	(0.00)
Net cash used in investing activities	**(1,148,536)**	**(8 39.64)**	**(48,519)**	**(36.66)**
Cash flows from financing activities				
Principal repayment of lease liability	**(117,860)**	**(86.16)**	(25,403)	(19.19)
Interest paid	**(7,111)**	**(5.20)**	(2,173)	(1.64)
Net cash used in financing activities	**(124,971)**	**(91.36)**	(27,576)	(20.83)
Net increase/(decrease) in cash and cash equivalents	**(1,501,773)**	**(10 97.87)**	(191,957)	(1 45.02)
Cash and cash equivalents at beginning of financials year	**2,773,249**	**20 27.38**	2,964,257	22 39.50
Effects of currency translation on cash and cash equivalents	**-**	**-**	949	0.72
Cash and cash equivalents at end of financial year	**1,271,476**	**9 29.51**	2,773,249	20 95.19

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

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 2020

On 1 April 2020, 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.

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 Investments in subsidiaries

Investments in subsidiaries is carried at cost less accumulated impairment loss in the balance sheet. On disposal of investments 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 entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual 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

<u>When the Company is the lessee</u>

At the inception of the contract, the Company assesses if the contract contains a lease. A contract 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. 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
Computer	6 years
Office equipment	15 years
Office furniture and fixture	15 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 in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

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

1. Debt instruments

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. Equity investments

The Company has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Company considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as "fair value gain and losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

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 and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 gain/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.

2.14 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to Jobs Support Scheme are presented as a deduction against the related expense which is the employee compensation.

Government grants relating to assets are deducted against the carrying amount of the assets.

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 investments in subsidiaries

In determining whether investments in 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 investments in subsidiaries when there is an indication of impairment. In an impairment review, the recoverable amount of the relevant investments 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 Company has recognised an impairment charge on its investments of US$ 4,628,809 during the financial year which resulted in the decrease in carrying amount of investments in subsidiaries as at 31 March 2021 to US$ 16,439,365.

Significant judgements are used to estimate the gross margin, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in Indonesia and Philippines. Specific estimates are disclosed in Note 9.

For its investment in PT Thermax International Indonesia:

- If the estimated gross margin used in the value-in-use calculation had been 1% lower than management's estimates, the Company would have recognised a further impairment on investments in subsidiaries of US$ 3,218,802.
- If the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been 1% higher than management's estimates, the Company would have recognised a further impairment on investments in subsidiaries of US$ 2,877,736.
- If the estimated growth rate applied to the discounted cash flows for this CGU had been 1% lower than management's estimates, the Company would have recognised a further impairment on investments in subsidiaries of US$ 2,336,530.

  For its investment in Thermax Energy & Environment Philippines Corporation, the change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

4. Employee compensation

	2021 US$	2020 US$
Wages and salaries	**141,414**	19,119
Government grant – Jobs Support Scheme	**(4,113)**	-
Government grant – Wage Credit Scheme	**(5,049)**	-
	132,252	19,119

The Jobs Support Scheme is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

The Wage Credit Scheme is a scheme introduced in Singapore Budget 2013 to help businesses alleviate business costs in a tight labour market. The Wage Credit will be paid to eligible employers for wage increases.

5. Income taxes

The tax on loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2021 US$	2020 US$
Loss before tax	**(4,976,317)**	(142,135)
Tax calculated at a tax rate of 17% (2020: 17%)	**(845,974)**	(24,163)
Effect of:		
- Expenses not deductible for tax purposes	**787,862**	24,163
- Temporary differences not recognised	**58,112**	-
Tax charge	**-**	-

6. Other current assets

	2021 US$	2020 US$
Deposits	**9,209**	9,009
Prepayments	**1,272**	2,421
Other receivables	**-**	1,247
	10,481	12,677

7. Property, plant and equipment

	Leased premise	Office equipment	Computer	Furniture & fixtures	Work-in-progress	Total
	US$	US$	US$	US$	US$	US$
2021						
Cost						
Beginning of financial year	346,818	-	-	-	58,721	405,539
Additions	-	-	1,037	9,953	32,526	43,516
Reclassification	-	899	-	90,348	(91,247)	-
Revaluation adjustments	17,738	-	-	-	-	17,738
End of financial year	364,556	899	1,037	100,301	-	466,793
Accumulated depreciation						
Beginning of financial year	24,454	-	-	-	-	24,454
Depreciation charge	121,384	56	111	4,458	-	126,009
End of financial year	145,838	56	111	4,458	-	150,463
Net book value						
End of financial year	**218,718**	**843**	**926**	**95,843**	**-**	**316,330**

	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 8.

8. 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 2021 US$	1 April 2020 US$
Leased premise	**218,718**	322,364

(b) Depreciation charge during the year

	2021 US$	2020 US$
Leased premise	**121,384**	24,454

(c) Interest expense

	2021	2020
	US$	US$
Interest expense on lease liabilities	**7,111**	2,173

(d) Total cash outflow for all leases in 2021 was US$124,971 (2020: US$27,576).

(e) There is no addition to ROU asset during the financial year 2021 (2020: US$365,608).

Reconciliation of liabilities arising from financing activities

	1 April	Principal and interest payments	Non-cash changes			31 March
			Adoption of FRS 116	Interest expense	Foreign exchange movement	
	US$	US$	US$	US$	US$	US$
Lease liabilities						
2021	**322,364**	**(124,971)**	**-**	**7,111**	**17,738**	**222,242**
2020	-	(27,576)	365,608	2,173	(17,841)	322,364

9. Investments in subsidiaries

	2021	2020
	US$	US$ (Restated)
Equity investments at cost		
Beginning of financial year	**19,963,154**	19,963,154
Addition	**1,105,020**	-
Impairment loss in subsidiary	**(4,628,809)**	-
End of financial year	**16,439,365**	19,963,154

At the balance sheet date, the details of the subsidiaries are as follows:

Name of companies	Principal activities	Country of business / incorporation	Equity holding	
			2021	2020
			%	%
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.

The recoverable amount of the investment in PT Thermax International Indonesia (PTTII) and Thermax Energy & Environment Philippines Corporation (TEEPC) have been determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

The recoverable amount of investment in Thermax Energy & Environment Lanka (Private) Limited (TEELPL) has been determined using the basis of their net assets value as at the end of the period.

Key assumptions used for value-in-use calculations:

	PTTII	TEEPC
At 31 March 2021		
Gross margin	**5.2% to 13.6%**	-
Profit margin	**-**	6.5% to 8.6%
Growth rate	**5.0%**	3.0%
Discount rate	**10.0%**	4.9%

Management determined budgeted weighted average gross margin and profit margin based on past performance and its expectations of market developments. The growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant CGUs.

The impairment charge of US$4,500,000 and US$128,809 (2020: US$ Nil and US$ Nil) in the year has arisen from PTTII and TEELPL CGUs respectively following the decline in customer demand as a result of the COVID-19 pandemic.

10. Financial asset, at FVOCI

	2021	2020
	US$	US$ (Restated)
Beginning of financial year	**1**	-
Addition	**-**	1
End of financial year	**1**	1
Unlisted debt security:		
Thermax Nigeria Limited	**1**	1
	1	1

11. Other payables

	2021	2020
	US$	US$
Accrual for operating expenses	**11,432**	27,506

12. Share capital

The Company's share capital comprises fully paid-up 22,984,356 (2020: 22,984,356) ordinary shares with no par value, amounting to a total of $22,984,356 (2020: $22,984,356).

13. 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

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for other receivables.

In measuring the expected credit losses, these receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

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 360 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$1,271,476 (2020: US$2,773,249) with banks which are rated A (2020: A) based on Standard & Poor and considered 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 2021			
Other payables	11,432	-	-
Lease liabilities	131,124	101,611	-
At 31 March 2020			
Other payables	27,506	-	-
Lease liabilities	119,671	119,671	94,740

(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 liabilities plus other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2021 US$	2020 US$
Net debt	**(1,037,802)**	(2,423,379)
Total equity	**17,803,979**	22,780,296
Total capital	**16,766,177**	20,356,917

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 is disclosed on the Balance Sheet.

The table below presents assets measured and carried at fair value and classified by level of the following fair value measurement hierarchy;

	Level 3	Total
	US$	US$
At 31 March 2021		
Financial asset, at FVOCI	**1**	**1**
At 31 March 2020		
Financial asset, at FVOCI	1	1

There were no transfers between levels during the year.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuation of the unlisted equity instrument is based on significant unobservable inputs and are classified as Level 3. The Level 3 financial instruments are valued at cost as an estimate of fair value.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2021 US$	2020 US$ (Restated)
Financial assets, at amortised cost	**1,281,957**	2,783,505
Financial asset, at FVOCI	**1**	1
Financial liabilities, at amortised cost	**233,674**	349,870

14. 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.

15. Related party transactions

There is no compensation made to directors of the Company as the directors have employment relationships only with related corporations and received no compensation from the Company during the financial year.

16. Comparative restatements

Certain prior year comparatives have been reclassified to conform to changes in presentation in the current year. The reclassifications have been made to better reflect the nature of the balances.

	As previously reported	Reclassification	As restated
	US$	US$	US$
Balance Sheet			
31 March 2020			
Investments in subsidiaries	19,963,155	(1)	19,963,154
Financial asset, at FVOCI	-	1	1

The financial asset, at FVOCI was previously included under investments in subsidiaries. Management has re-assessed the accounting treatment and it is more appropriate to show it as financial asset, at FVOCI. There is no effect on the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the financial years ended 31 March 2021 and 31 March 2020.

17. Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's investment in subsidiaries are in Indonesia, the Philippines and Sri Lanka, all of which have been affected by the spread of COVID-19 in 2020 and 2021.

Set out below is the impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the year ended 31 March 2021.

i. The Company has assessed that the going concern basis of preparation for this set of financial statements remain appropriate.

ii. The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 March 2021. The significant estimates and judgement applied on impairment of non-financial assets are disclosed in Notes 3 and 9 respectively.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods. The Company will continue to monitor the situation to ensure it remains flexible in its ability to respond to changing circumstances.

18. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 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 Thermax Engineering Singapore Pte Ltd on 30 June 2021.

PT THERMAX INTERNATIONAL INDONESIA

Board of Commissioner

Rajendran Arunachalam
Commissioner

Board of Directors

K P Hari Govind (Appointed on 18 August 2020)
Jawahar Harinarayanan (Resigned on 15 September 2020)
Rakesh Rampratap Tripathi

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 2021
PT THERMAX INTERNATIONAL INDONESIA

I, the undersigned below:
K.P. Hari Govind

Menara Palma 9th Floor Unit 9-02B/03,
JI. H.R. Rasuna Said Blok. X Kav. 6,
South Jakarta 12950.
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, 2021 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 truthly 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.

K.P. Hari Govind
Director

Jakarta
10 May 2021

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS AND BOARD OF COMMISSIONERS AND DIRECTORS
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 2021, 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 2021, 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
10 May 2021

PT THERMAX INTERNATIONAL INDONESIA

Statement of Financial Position as at 31 March 2021

	Note	2021		2020	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
CURRENT ASSETS					
Cash and cash equivalents	**4**	**18,914,594**	**9 52.31**	3,124,241	1 44.81
Trade Receivables	**5**	**25,831,559**	**13 00.57**	16,196,017	7 50.68
Unbilled Receivables	**6**	**19,600,156**	**9 86.83**	17,259,269	7 99.96
Advances and prepayments		**5,896,476**	**2 96.88**	8,151,743	3 77.83
Inventory	**7**	**10,701,018**	**5 38.77**	14,082,599	6 52.72
Prepaid Taxes	**13a**	**2,888,584**	**1 45.43**	2,411,337	1 11.76
Other receivables		–	–	439,363	20.36
Total current assets		**83,832,387**	**42 20.79**	61,664,569	28 58.13
NON-CURRENT ASSETS					
Prepaid tax	**13b**	**18,765,719**	**9 44.82**	18,300,017	8 48.20
Advances and prepayments		**308,258**	**15.52**	308,258	14.29
Right of use	**9**	**410,431**	**20.66**	–	–
Intangible asset		**1,746,247**	**87.92**	2,922,605	1 35.46
Fixed assets	**8**	**144,176,514**	**72 59.00**	148,624,487	68 88.70
Total non-current assets		**165,407,169**	**83 27.92**	170,155,367	78 86.65
TOTAL ASSETS		**249,239,556**	**125 48.71**	231,819,936	107 44.78
CURRENT LIABILITIES					
Trade payables	**10**	**31,648,925**	**15 93.46**	27,478,032	12 73.60
Unearned revenue	**11**	**30,887,957**	**15 55.15**	13,330,095	6 17.85
Taxes Payables	**13c**	**437,657**	**22.04**	370,246	17.16
Accrued expenses and other payables	**12**	**15,379,846**	**7 74.34**	20,416,521	9 46.30
Leased Liabilities	**9**	**281,216**	**14.16**	–	–
Short term bank loan	**14**	**29,144,000**	**14 67.34**	–	–
Bank overdraft	**14**	–	–	17,288,436	8 01.31
Total current liabilities		**107,779,601**	**54 26.49**	78,883,330	36 56.22
NON-CURRENT LIABILITIES					
Long term employee benefit liabilities		**701,060**	**35.30**	389,725	18.06
Other Non-Current Liablities	**15**	**1,597,132**	**80.41**	1,183,169	54.84
Total non-current liabilities		**2,298,192**	**1 15.71**	1,572,894	72.90
TOTAL LIABILITIES		**110,077,793**	**55 42.20**	80,456,224	37 29.12
EQUITY					
Share capital					
Authorised: 280,000 (2019: 250,000) shares with par value of Rp1,000,000					
Issued and fully paid up- 260,000 (2019: 244,000) shares, with par value of Rp 1,000,000 per share	**16**	**260,000,000**	**130 90.48**	244,000,000	113 09.33
Accumulated losses		**(120,838,237)**	**(60 83.96)**	(92,636,288)	(42 93.66)
Total equity		**139,161,763**	**70 06.52**	151,363,712	70 15.66
TOTAL LIABILITIES AND EQUITY		**249,239,556**	**125 48.71**	231,819,936	107 44.78

Exchange Rate: as at 31 March 2021 is 1 IDR = INR 0.00503

Exchange Rate: as at 31 March 2020 is 1 IDR = INR 0.00463

Statement of Comprehensive Loss for the year ended 31 March 2021

	Note	2021		2020	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Revenue	**18**	**101,967,574**	**51 33.86**	198,162,637	91 84.78
Other Income		**1,554,827**	**78.28**	328,860	15.24
		103,522,401	**52 12.15**	198,491,497	92 00.02
Cost of raw materials and components consumed	**19**	**(87,176,923)**	**(43 89.18)**	(149,775,670)	(69 42.06)
(Increase) / decrease in inventories of finished goods, work in progress and traded goods	**19**	**2,250,436**	**1 13.30**	(1,311,705)	(60.80)
Employee benefits expense		**(21,192,748)**	**(10 67.01)**	(19,751,470)	(9 15.47)
Depreciation and amortisation expense		**(6,718,799)**	**(3 38.28)**	(6,305,379)	(2 92.25)
Selling and distribution expenses		**(5,881,036)**	**(2 96.10)**	(2,985,495)	(1 38.38)
Other operating expenses	**20**	**(15,217,385)**	**(7 66.16)**	(22,916,066)	(10 62.15)
Foreign exchange (loss)/gain, net		**2,260,029**	**1 13.79**	(6,257,204)	(2 90.02)
Total expenses		**(131,676,426)**	**(66 29.64)**	(209,302,989)	(97 01.13)
Loss before income tax		**(28,154,025)**	**(14 17.50)**	(10,811,492)	(5 01.11)
Income Taxes Paid	**13d**	**(1,282)**	**(0.06)**	–	–
Other comprehensive income that will be reclassified to profit or loss					
Re-measurement of post-employement benefit		**(46,642)**	**(2.35)**	47,093	2.18
Total comprehensive loss for the year/period		**(28,201,949)**	**(14 19.91)**	(10,764,399)	(4 98.93)

Statement of Changes in Equity for the year ended 31 March 2021

	Note No.	Share capital		Accumulated Losses		Total	
		Rp'000	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**	**Rp'000**	**Rs Lakhs**
Balance as at 31 March 2019		**244,000,000**	**122 84.91**	**(81,871,889)**	**(41 22.09)**	**162,128,111**	**81 62.83**
Loss for the year		–	–	(10,811,492)	(5 44.34)	(10,811,492)	(5 44.34)
Remeasurement of post-empolyment benefit obligations		–	–	47,093	2.37	47,093	2.37
Balance as at 31 March 2020		**244,000,000**	**122 84.91**	**(92,636,288)**	**(46 64.05)**	**151,363,712**	**76 20.86**
Share Issuance		16,000,000	8 05.57	–	–	16,000,000	8 05.57
Loss for the year		–	–	(28,155,307)	(14 17.56)	(28,155,307)	(14 17.56)
Remeasurement of post-empolyment benefit obligations		–	–	(46,642)	(2.35)	(46,642)	(2.35)
Balance as at 31 March 2021		**260,000,000**	**130 90.48**	**(120,838,237)**	**(60 83.96)**	**139,161,763**	**70 06.52**

PT THERMAX INTERNATIONAL INDONESIA

Statement of Cash Flows for the year ended 31 March 2021

	Note	2021		2020	
		Rp'000	**Rs Lakhs**	Rp'000	Rs Lakhs
Cash flows from operating activities					
Loss before income tax expense		**(28,154,025)**	**(14 17.50)**	(10,811,492)	(5 01.11)
Adjustments for:					
Depreciation of fixed assets	**8**	**4,995,198**	**2 51.50**	5,129,862	2 37.77
Amortisation of intangible assets		**1,176,360**	**59.23**	1,175,517	54.48
Depreciation right of use asset		**547,240**	**27.55**	–	–
Employee benefit liabilities		**264,693**	**13.33**	140,021	6.49
Provision for Warranties		**413,962**	**20.84**	777,841	36.05
Allowance for impairment losses – inventory		**2,926,153**	**1 47.33**	–	–
Interest Expenses		**2,325,744**	**1 17.10**	568,554	26.35
Operating cash flows before changes in working capital		**(15,504,675)**	**(7 80.63)**	(3,019,697)	(1 39.96)
Changes in working capital:					
Trade Receivables		**(9,635,542)**	**(4 85.13)**	(7,418,038)	(3 43.82)
Unbilled receivables		**(2,300,292)**	**(1 15.82)**	(17,259,269)	(7 99.96)
Prepaid Value Added Tax		**(758,748)**	**(38.20)**	(935,483)	(43.36)
Advances and prepayments		**1,696,364**	**85.41**	819,433	37.98
Trade payables		**4,170,893**	**2 10.00**	18,079,253	8 37.97
Unearned Revenue		**17,557,862**	**8 84.00**	(9,545,785)	(4 42.44)
Accrued expenses and other payables		**(5,252,463)**	**(2 64.45)**	11,406,557	5 28.69
Inventory		**455,427**	**22.93**	471,132	21.84
Other receivables		–	–	(376,163)	(17.44)
Other taxes payable		**67,412**	**3.39**	244,085	11.31
Payment of corporate income tax		**(668,483)**	**(33.66)**	(2,513,048)	(1 16.48)
Refund of corporate income tax		**482,999**	**24.32**	97,532	4.52
Net cash flows used in operating activities		**(9,689,246)**	**(4 87.83)**	(9,949,491)	(4 61.16)
Cash flows from investing activities					
Acquisition of fixed assets	**8.24**	**(331,437)**	**(16.69)**	(1,911,853)	(88.61)
Acquisition of intangible asset		–	–	(64,140)	(2.97)
Net cash flows from investing activities		**(331,437)**	**(16.69)**	(1,975,993)	(91.59)
Cash flows from financing activities					
Proceeds from shares issuance		**16,000,000**	**8 05.57**	–	–
Payments of interest expense		**(2,325,744)**	**(1 17.10)**	(568,554)	(26.35)
Payment of bank overdraft	**14**	**(17,288,436)**	**(8 70.44)**	–	–
Payment of lease liability		**281,216**	**14.16**	–	–
Addition of bank loans	**14**	**29,144,000**	**14 67.34**	–	–
Net cash flows provided from financing activities		**25,811,036**	**12 99.53**	(568,554)	(26.35)
Net (decrease)/increase in cash and cash equivalents		**15,790,353**	**7 95.01**	(12,494,038)	(5 79.09)
Cash and cash equivalents at the beginning of the period		**3,124,241**	**1 57.30**	525,688	24.37
Cash and cash equivalents at the end of the period		**18,914,594**	**9 52.31**	(11,968,350)	(5 54.73)
Amount represented by bank overdrafts	**14**	–	–	15,092,591	6 99.54
Cash and cash equivalents at the end of the period	**4**	**18,914,594**	**9 52.31**	3,124,241	1 44.81

Notes to the Financial Statements as of March 31, 2021 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. 6 dated September 1, 2020 of Jimmy Tanal, S.H., M.Kn., a Notary in Jakarta, concerning the increase on the authorised capital to become 280,000 shares, increase the issued and paid-up capital to become 260,000 shares, and to appoint an additional Director. The Notarial Deed has been approved by the Ministry of Law and Human Rights of Republic of Indonesia (''MOLHR'') through decision letter No. AHU-0066244.AH.01.02.TAHUN 2020 dated September 25, 2020 (Note 16).

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, 2021 and 2020, the Company's Commissioner and Board of Directors were as follows:

		March 31, 2021	March 31, 2020
Commissioner	:	Mr. Rajendran Arunachalam	Mr. Rajendran Arunachalam
President Director	:	Mr. Jawahar Harinarayanan	Mr. Jawahar Harinarayanan
Director	:	Mr. Rakesh Rampratap Tripathi	Mr. Rakesh Rampratap Tripathi
Director	:	Mr. Katri Pulitakote Hari Govind	–

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, 2020, 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, 2020 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 except for PSAK 73 are as follow:

- Amendments to PSAK 1 and PSAK 25: Material Definition.
- Amendments to PSAK 1: Presentation of Financial Statements on Title of Annual Financial Statements
- Amendments to PSAK 71: Financial Instruments.
- PSAK 72: Revenue from Contract with Customers.
- PSAK 73: Leases

PSAK No. 73 requires entities to recognize the rights and obligations of leases on the statement of financial position as right-of-use assets and lease liabilities. The Company elected to use the practical expedient where the right-of-use assets amount are equal to the lease liabilities that is resulting in no adjustment to the beginning of retained earnings. As for unequal value of right of use assets and lease liabilities at the first-time adoptioan were due to reclassification of the carrying amount of prepaid rental.

Upon adoption of PSAK No. 73, the lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on April 1, 2020.

The impact of initial adoption of PSAK No. 73 to the Company's financial statements are as follows:

	April 1, 2020		
	Before adjustment	PSAK No. 73 adjustment	After adjustment
Assets: Right of use assets, net Liabilities	–	957.672	957.672
Lease liabilities - current portion	–	573.318	573.318
Lease liabilities - non-current portion	–	239.753	239.754

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2020, which include the financial year beginning April 1, 2020, are as follows:

Effective on or after the date of January 1, 2021:

- Amendment to SFAS 22: Business Combination, this amendment clarifies the definition of business in order to assist the entity in determining whether a transaction should be recorded as a business combination asset acquisition, which effective after January 1, 2021.
- Amendments to SFAS 57: Provisions, Contingent Liabilities, and Contingent Assets. This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract, which effective after January 1, 2022.
- Amendments to SFAS 1 : Presentation of Financial Statements. The amendments specify the requirements for classifying liabilities as current or non-current, which effective after January 1, 2023.

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, 2021 and 2020, the exchange rates used, were as follows (United States Dollars full amount):

	March 31, 2021	March 31, 2020
United States Dollars 1	**14.572**	16.367

c. Financial instrument

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

Effective since January 1, 2020

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent Measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) 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 its 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

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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, and derivative financial

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortiszd cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

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 or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

Effective before January 1, 2020

Financial assets

Initial Recognition and Measurement

Financial assets within the scope of the PSAK No. 55 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end

The Company's financial assets include cash and cash equivalents, trade and other receivables, unbilled receivable and other non-current assets.

All of the Company's financial assets as of March 31, 2020 were classified as loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Derecognition

A financial asset, or, where applicable a part of a financial asset or part of a Company of similar financial assets, is derecognized when:

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

Where the Company has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, the Company evaluates if and to what extent it has retained the risks and rewards of ownership of the financial assets

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset, a new financial asset is recognized to the extent of the Company's continuing involvement in the asset.

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 received that the Company could be required to repay.

In this 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.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity, is recognized in the profit or loss.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a Company of debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Company of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, 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 expected credit losses that have not yet been incurred). The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collaterals have been realized or have been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been if the impairment had not been recognized at the date the impairment is reversed. The recovery is recognized in profit or loss.

Initial Recognition and Measurement

The Company classifies its financial liabilities into two categories:

1. financial liabilities measured at amortized cost; and
2. financial liabilities measured at fair value through profit or loss.

The Company determines the category of its financial liabilities at initial recognition.

Financial liabilities measured at amortized cost include short-term bank, trade and other payables, accrued expenses and unearned revenue.

All financial liabilities are recognized initially at fair value. In the case of financial liabilities measured at amortized cost, fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial liabilities.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as described below.

Financial liabilities measured at amortized cost

After initial recognition, long-term interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method ("EIR").

Gains and losses are recognized in the profit or 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 fee or cost that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss.

At the reporting dates, accrued interest is recorded separately from the associated borrowings within the current liabilities section.

Short-term bank loans, trade and other payables, accrued expenses and long-term loans are stated at carrying amounts (notional amounts), which approximate their fair values. Financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivative liabilities are classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the contract is discharged or cancelled or expired.

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 recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques permitted by PSAK No. 55, such as using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

When the fair value of the financial instruments that are not traded in an active market cannot be reliably determined, such financial instruments are recognized and measured at their cost.

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.

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 Companyed 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

Effective since January 1, 2020

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i) Right of use assets

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

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. The right-of-use asset Perusahaan yaitu office spaces are depreciated over the lease period which is 36 months.

If the lease transfers the ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. 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. Contingent rents are recognized as revenue in the period in which they are earned.

Effective prior to January 1, 2020

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

Company as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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. Contingent rents are recognized as revenue in the period in which they are earned.

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

Final tax

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.

Current tax

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.

Deferred tax

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

Classifications of financial assets and liabilities

Management determines the classifications of the Company's assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 71 (Revised 2020). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the accounting policies disclosed in Note 2c.

Functional currency

Management determines the Company's functional currency from the primary economic environment in which the Company operates. Management determined that the Company's functional currency is Indonesian Rupiah.

ii. Estimation and assumptions

Income taxes

Significant judgments and assumptions are required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Currently the Company does not recognise any provision for anticipated tax audit issues based on the expectation that no additional taxes will be due. Where the final tax outcome of these matters is different from the estimates that were initially made by management, such differences will have an impact on the respective tax assets and liabilities in the period in which such determination is made.

Useful lives of fixed assets

The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives and based on machine working hours. The management estimates the useful lives of these fixed assets to be between 4 to 20 years. Changes in the expected level of usage and technological development could have an impact on the economic useful lives and the residual values of these assets.

The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

Net realisable value of inventory

The Company reviews the carrying value of its inventory at each reporting date to ensure that the cost does not exceed the net realisable value. Estimates of net realisable value include a number of assumptions, including freight or insurance price expectations and the estimated costs to complete inventory into a saleable product.

Pension and Employee Benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actual 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, mortality rates, and future pension increases. 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.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

4. CASH ON HAND AND IN BANKS

	March 31, 2021	March 31, 2020
Cash on hand	**15.125**	11.984
Cash in banks		
Rupiah		
Citibank N.A., Indonesia	**17.492.890**	2.767.319
PT Bank Mandiri (Persero) Tbk	**594.835**	344.938
PT Bank Negara Indonesia (Persero) Tbk	**8.485**	–
United States Dollar		
Citibank N.A., Indonesia	**803.259**	–
Sub-total cash in banks	**18.899.469**	3.112.258
Total cash on hand and in banks	**18.914.594**	3.124.241

5. TRADE RECEIVABLES

	March 31, 2021	March 31, 2020
Related parties (Note 21a)	**1.470.414**	397.735
Third parties	**24.785.059**	16.200.170
	26.255.473	16.597.905
Allowance for impairment losses of receivables	**(423.914)**	(401.888)
	25.831.559	16.196.017

Movements in the provision for impairment of trade receivables for the year ended March 31, 2021 and 2020 is as follows:

	March 31, 2021	March 31, 2020
Beginning balance	**401.888**	–
Provision recognized during the year	**301.456**	481.888
Write off balance	**(279.430)**	(80.000)
Ending balance	**423.914**	401.888

Based on a review of trade receivables at the end of the year, management believes that the allowance for impairment as of March 31, 2021 and 2020 is adequate to cover possible losses or uncollectible accounts.

The aging analysis of these trade receivable is as follows:

	March 31, 2021	March 31, 2020
Current and not impaired	**7.269.074**	2.751.065
Overdue but not impaired		
0 - 30 days	**8.594.990**	8.164.069
31 - 60 days	**2.994.424**	5.280.883
> 61 days	**6.973.071**	–
Overdue and impaired	**423.914**	401.888
	26.255.473	16.597.905

In determining the recovery of trade receivables, the Company considers any changes in the credit quality of trade receivables from the initial date the loans are granted to the end of the reporting period. Credit risk concentration is limited to large and unrelated customers.

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, 2021	March 31, 2020
Goods in transit	**1.769.966**	608.812
Raw materials	**8.924.737**	12.791.755
Work-in-progress	**2.081.558**	313.028
Finished goods	**850.910**	369.004
	13.627.171	14.082.599
Allowance for impairment losses of inventory	**(2.926.153)**	–
	10.701.018	14.082.599

Management believes that the provision for decline in inventories is adequate to cover possible losses of the inventories.

Inventories are insured against all possible losses, with the insurance coverage included in the insurance coverage of fixed assets amounting to Rp87,000,000.

8. FIXED ASSETS

	March 31, 2021				
	Beginning balance	**Additions**	**Disposals**	**Transfers**	**Ending balance**
Acquisition costs					
Land	81.257.182	–	–	–	81.257.182
Buildings	51.005.104	12.900	–	–	51.018.004
Machinery	26.184.417	–	–	–	26.184.417
Furnitures and fixtures	1.686.187	–	–	–	1.686.187
Computers	801.918	–	–	–	801.918
Office equipments	285.451	–	–	–	285.451
Tools and equipments	1.176.563	–	–	–	1.176.563
Vehicle	622.000	–	–	–	622.000
Construction in progress	–	534.325	–	–	534.325
	163.018.822	**547.225**	**–**	**–**	**163.566.047**
Accumulated depreciation					
Buildings	(8.064.724)	(2.550.254)	–	–	(10.614.978)
Machinery	(3.873.527)	(1.636.525)	–	–	(5.510.052)
Furnitures and fixtures	(1.176.552)	(250.450)	–	–	(1.427.002)
Computers	(510.654)	(146.436)	–	–	(657.090)
Office equipment	(236.286)	(39.642)	–	–	(275.928)
Tools and equipments	(428.931)	(294.141)	–	–	(723.072)
Vehicle	(103.661)	(77.750)	–	–	(181.411)
	(14.394.335)	**(4.995.198)**	**–**	**–**	**(19.389.533)**
Net book value	**148.624.487**				**144.176.514**

	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

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.

Fixed assets are insured against fire and others risks with a total coverage of Rp87,000,000. Management believes that the insurance coverage can cover losses on the insured fixed asset.

9. RIGHT OF USE ASSET

The Company as Lessee

The Company has lease contracts for building used in its operations. The Company is restricted from assigning and subleasing the leased assets.

Lease of building has terms of 3 years.

Set out below are the carrying amounts of right-of-use assets recognized on the Company's statement of financial position and the movements during the current year:

	2021
Beginning balance	**957.672**
Depreciation expense	**(547.241)**
Ending balance	**410.431**

Movement of lease liabilities:

	2021
Beginning balance	**813.071**
Addition of interests	**46.545**
Addition	–
Payments	**(578.400)**
Sub-total	281.216
Less current portion	**281.216**
Long-term portion	–

Amounts recognized in the statement of profit or loss and other comprehensive income:

	2021
Depreciation expense of right-of-use asset	**547.241**
Interest expense on lease liabilities	**46.545**
Amount recognized in profit and loss statement	**593.786**

The Company had total cash outflows for leases of Rp578,400 including interest expenses of finance lease amounting to Rp46,545 for the year ended March 31, 2021.

10. TRADE PAYABLES

	March 31, 2021	March 31, 2020
Related party (Note 21a)	**20.253.321**	21.338.412
Third parties :		
Bollore Logistics India Private Limited	**1.575.106**	–
PT Unggul Prakasa Prima	**1.039.513**	24.107
Others (below 1 billion)	**8.780.985**	6.115.513
	31.648.925	27.478.032

Refer to Note 21 for details of related party transactions.

11. UNEARNED REVENUE

	March 31, 2021	March 31, 2020
PT Tasma Bio Energy	**13.386.784**	3.153.885
PT Wijaya Karya Rekonstruksi	**4.793.250**	–
PT Surya Pratista Hutama	**4.092.900**	–
PT Medisafe Technologies	**3.705.315**	–
Others (below 1 Billion)	**4.909.708**	10.176.210
Total	**30.887.957**	13.330.095

This account represents advances, which are received from customers.

12. ACCRUED EXPENSES AND OTHER PAYABLES

	March 31, 2021	March 31, 2020
Operational	**14.085.634**	18.865.781
Professional fees	**318.000**	1.168.557
Purchases of fixed assets (Note 24)	**215.788**	223.732
Others	**760.424**	158.451
	15.379.846	20.416.521

13. TAXATION

a. Prepaid taxes

	March 31, 2021	March 31, 2020
Current portion:		
Value Added Tax (''VAT'')	**2.888.584**	2.411.337
	2.888.584	2.411.337

b. Estimated claim for refundable tax

	March 31, 2021	March 31, 2020
Non-current portion:		
Value added tax - 2020	**15.223.858**	14.942.357
Corporate income tax - 2020	**1.028.813**	–
Corporate income tax - 2019	**2.513.048**	2.513.048
Corporate income tax - 2018	–	844.612
	18.765.719	18.300.017

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisition and Business Activities

c. Taxes payable

	March 31, 2021	March 31, 2020
Income tax Article 21	**87.591**	161.575
Income tax Article 23	**159.193**	41.532
Income tax Article 4(2)	**58.680**	167.139
Income tax Article 26	**132.193**	–
	437.657	370.246

d. Income tax expense

For the year ended March 31, 2021 and 2020, the Company did not recognise any deferred income tax expenses.

The reconciliation between income tax expense and the theoretical tax amount on the Company's loss before income tax is as follows:

	March 31, 2021	March 31, 2020
Loss before income tax	**(28.154.025)**	(10.811.492)
Income tax calculated at applicable tax rate 22% (2020 : 25%)	**6.193.886**	2.702.873
Tax effects:		
- Non-deductible expenses	**(2.801.379)**	(2.069.987)
- Unrecognised deferred tax assets	**(3.392.507)**	(632.886)
- Current tax expense - under provision of prior year's corporate income tax	**(1.282)**	–
Income tax expense	**(1.282)**	–
Prepaid corporate income tax - Article 22	**841.472**	2.176.644
Prepaid corporate income tax - Article 23	**187.341**	336.404
	1.028.813	2.513.048

The Company has an accumulated tax losses carried forward balance amounting to Rp66,617,483 which will expire between 2022 and 2026.

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.

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.

f. Others

Fiscal year 2018 and 2019

On November 25, 2020, the Company received a Corporate Income Tax assessment for 2018 year reflecting overpayment of Rp843,330. On the same date, the Company also received tax demand letters of Withholding Tax Article 26 for November 2018, Withholding Tax Article 4 (2) for April to November 2018, February and March 2019 and Value Added Tax for July, October, November, December. 2018 and January to March 2019 reflecting penalties totaling to Rp360,126. The Company accepted the tax demand letters and received the refund amounting to Rp482,999, after being netted of with the tax penalties.

On November 25, 2020, the Company received a tax decision letter of Value Added Tax for the period May, August, October and November 2018 and the period January to March, 2019, Withholding Tax - Article 21 for the period January to March 2019, Withholding Tax - Article 23 for the period March 2019 reflecting underpayment of Rp153,122. On February 15, 2021, the Company also received tax demand letters for Value Added Tax for the period June, July and September 2019 which reflecting penalties totaling to Rp16,450. The Company accepted the tax demand letters and paid the tax penalties.

14. BANK OVERDRAFT AND BANK LOAN

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.

	March 31, 2021	March 31, 2020
Short-term Bank Loan	**29.144.000**	–
Bank Overdraft	**–**	17.288.436

As of March 31, 2021, the Company has utilised the bank facilities as follows:

- Amounted to Rp24,384,312 (2020: Rp23,655,051) for performance guarantee bond for certain customer.
- Amounted to Rp29.144.000 (2020:Nil) for bank loan and amounted to Nil (2020: Rp17,288,436) for overdraft. During 2021, the bank facilities was subject to interest at the rate of Jibor + 2.5% per annum. During 2021, the effective interest rate, which was charged, was at the rate of 7.2% (2020: 7.6%) per annum.

15. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represent provisions for warranty provided by the Company to customers.

16. SHARE CAPITAL

The shareholders compositions as at 31 March 2021 and 2020 were as follows:

	March 31, 2021		
Shareholders	**Number of shares**	**Percentage of ownership**	**Issued and paid-up**
Thermax Engineering Singapore Pte. Ltd.	**259.990**	**99.99%**	259.990.000
Thermax International Limited	**10**	**0.01%**	10.000
	260.000	**100.00%**	260.000.000
	March 31, 2020		
Thermax Engineering Singapore Pte. Ltd.	243.990	99.99%	243.990.000
Thermax International Limited	10	0.01%	10.000
	244.000	100.00%	244.000.000

The increase in share capital was based on the latest Company's Articles of Association, which have been disclosed in Note 1. The increase in paid-up capital was paid on October 14, 2020 and was taken up by Thermax Engineering Singapore Pte., Ltd. in the amount of Rp16,000,000.

17. 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, 2021, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

18. REVENUE

	March 31, 2021	March 31, 2020
Sales of products	**100.279.384**	197.033.232
Sales of services	**1.688.190**	1.129.405
	101.967.574	198.162.637

19. COST OF GOODS SOLD RECONCILIATION

	March 31, 2021	March 31, 2020
Raw materials		
- At the beginning of the year	**13.400.567**	12.559.994
- Purchases	**81.544.906**	150.616.243
	94.945.473	163.176.237
- At the end of the year	**(7.768.550)**	(13.400.567)
- Raw materials used	**87.176.923**	149.775.670
- Direct labour and manufacturing overhead	**4.354.306**	15.792.243
- Allocated depreciation expense	**546.015**	1.025.183
Total production cost (brought forward)	**92.077.244**	166.593.096
Work in progress		
- At the beginning of the year	**313.028**	1.993.737
- At the end of the year	**(2.081.558)**	(313.028)
	(1.768.530)	1.680.709
Total cost of goods manufactured	**90.308.714**	168.273.805
Finished goods		
- At the beginning of the year	**369.004**	–
- At the end of the year	**(850.910)**	(369.004)
	(481.906)	(369.004)
Total cost of goods sold	**89.826.808**	167.904.801

20. OTHER OPERATING EXPENSES

	March 31, 2021	March 31, 2020
Interest	**2.325.744**	1.952.253
Consumables	**1.706.729**	2.998.940
Repairs and maintenance	**1.587.961**	2.839.901
Travelling and conveyance	**1.222.774**	1.817.213
Labour	**1.095.032**	4.313.559
Security charges	**865.409**	823.744
Utilities	**806.601**	1.027.780
Communication	**514.713**	718.044
Insurance	**328.877**	306.108
Sales commissions	**326.513**	258.060
Legal and professional fees	**291.670**	1.475.681
Rent and service charges	**116.362**	717.735
Advertising and exhibitions	**74.336**	373.786
Others	**3.954.664**	3.293.262
	15.217.385	22.916.066

21. 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, 2021	March 31, 2020
Trade receivables: (Note 5)		
Thermax Limited	**1.470.414**	397.735
Advance and prepayments - current portion:		
Thermax Limited	**1.686.347**	281.861
Other receivables:		
Thermax Limited	**–**	386.072
Thermax (Zhejiang) Cooling and Heating Engineering	**–**	7.972
	–	394.044
Trade payables : (Note 10)		
Thermax Limited	**19.589.236**	19.841.421
Thermax Energy and Environment Philippines Corporation	**664.085**	1.496.991
	20.253.321	21.338.412

b. Transactions with related parties

	March 31, 2021	March 31, 2020
Sales of finished goods:		
Thermax Limited	**394.171**	–
Sales of services:		
Thermax Limited	**1.201.513**	750.656
	1.595.684	750.656

The sales of finished goods are based on cost plus certain margin agreed by both parties.

	March 31, 2021	March 31, 2020
Purchases of raw materials:		
Thermax Limited	**24.296.746**	66.681.210
	24.296.746	66.681.210

The purchases of raw materials are based on cost plus certain margin agreed by both parties.

	March 31, 2021	March 31, 2020
Expenses reimbursement:		
Thermax Limited	**2.419.387**	2.661.001
Thermax Energy and Environment Philippines Corporation	**977.419**	373.700
	3.396.806	3.034.701

The expenses being reimbursed are based on actual costs occurred.

c. Key management personnel compensation

Key management personnel includes Directors and a Commissioner. In 2021, the compensation for key management recorded in the financial statements amounted to Rp1,127,126 (2019: Rp2,455,184) only for the President Director of the Company. The compensation for the Company's Commissioner and other Directors were paid directly by Thermax Limited.

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at March 31, 2021, the Company's financial assets which comprised cash and cash equivalents, trade receivables and other receivables with a total balance of Rp44,746,153 (2020: Rp19,759,621) were categorised as loans and receivables.

As at March 31, 2021, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables with a total balance of Rp76,172,771 (2020: Rp47,894,553) were categorised as other financial liabilities at amortised cost.

23. 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, 2021, 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 Rp4,803,882 (2020: Rp3,807,521) 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, 2021, the total maximum exposure from credit risk was Rp44,746,153 (2020: Rp19,759,621). 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, 2021	March 31, 2020
Trade and other receivables:		
Related parties	**1.470.414**	394.045
Reputable or without recent history of collectibility issue	**24.785.059**	16.597.905
	26.255.473	16.991.950

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 Rp47,028,771 (2020: Rp47,894,553) 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 Company 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 Company 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, 2021. The fair value of trade payables and accrued expenses and other payables approximate their carrying value because of their short term maturity.

24. NON CASH TRANSACTIONS

	March 31, 2021	March 31, 2020
Investing activities:		
Acquisition of fixed assets through realization of advances	–	1.822.670
Acquisition of fixed assets through accrued expenses, including accrued interest (Note 12)	**215.788**	223.732

25. SUPPLEMENTARY CASH FLOW INFORMATION

	Balance April 1, 2020	**Additions (proceeds)**	**Deductions (repayments)**	**Foreign exchange movement**	**Balance March 31, 2021**
Interest expense	–	2.325.744	(2.325.744)	–	–

26. OTHER MATTER

1. The Company's operation has and may continue to be impacted by the outbreak of Covid-19 virus. The effects of Covid-19 virus to the global and Indonesia economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation in foreign exchange rates, and disruption of business operation. The future effects of Covid-19 virus to Indonesia and the Company are unclear at this time. A significant rise in the number of Covid-19 virus infections or prolongation of the outbreak may affect Indonesia and the Company.

   With many countries now undertaking vaccination roll-out programmes and easing of their economies, Management consider that the impact and level of disruption on the Company's operations will not be significant. However, Management will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

2. On February 2, 2021, the Government promulgated Government Regulation Number 35 Year 2021 (PP 35/2021) to implement the provisions of Article 81 and Article 185 (b) of Law no. 11/2020 concerning Job Creation (Cipta Kerja), which aims to create the widest possible employment opportunities.

   PP 35/2021 regulates the work agreement for a certain period (non-permanent employees), outsourcing, working time, rest time and termination of employment, which can affect the minimum benefits that must be provided to employees.

   As of the authorization date of these financial statements, the Company is still evaluating the potential impacts of PP 35/2021, including the impacts on the Company's financial statements for the next reporting period.

27. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were authorised by the Board of Directors on May 10, 2021.

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 (Resigned on 02 Nov 2020)
Patrick Arcellana (Appointed on 02 Nov 2020)
Shayantan Chatterjee (Treasurer)

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, 2021 and 2020, 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, 2021 and 2020, 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 34-2020 and 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 34-2020 and 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. 08-001998-130-2020,

November 27, 2020, valid until November 26, 2023

PTR no 8534209, January 4, 2021, Makati City

May 10, 2021

THERMAX ENERGY & ENVIRONMENT PHILIPPINES CORPORATION

(A Subsidiary of Thermax Engineering Singapore Pte. Ltd)

Statement of Financial Position

As On March 31, 2021

(With Comparative Figure for 2020)

	Notes	31-Mar 2021		31-Mar 2020	
		PHP	**Rs Lacs**	PHP	Rs Lacs
ASSETS					
Current Assets					
Cash in bank	4	**12,937,700**	**1 94.73**	15,390,448	2 28.57
Trade and other receivables	5	**20,511,463**	**3 08.72**	19,445,734	2 88.80
Security deposits	7	**436,580**	**6.57**	506,580	7.52
Prepayments and other current assets	6	**2,419,657**	**36.42**	1,988,929	29.54
Total Currents Assets		**36,305,400**	**5 46.43**	37,331,691	5 54.43
Non-current Assets					
Office Equipment	8	**3,819**	**0.06**	10,367	0.15
Deferred tax asset	18	**145,413**	**2.19**	400,078	5.94
TOTAL ASSETS		**36,454,632**	**5 48.68**	37,742,136	5 60.53
LIABILITIES AND EQUITY					
Current Liabilities					
Acrruals and other payables	9	**4,167,178**	**62.72**	5,357,466	79.57
Total Liabilities		**4,167,178**	**62.72**	5,357,466	79.57
Equity					
Capital stock	11	**49,000,000**	**7 37.50**	49,000,000	7 27.73
Deficit		**(16,712,546)**	**(2 51.54)**	(16,615,330)	(2 46.76)
Total Equity		**32,287,454**	**4 85.96**	32,384,670	4 80.96
TOTAL LIABILITIES AND EQUITY		**36,454,632**	**5 48.68**	37,742,136	5 60.53

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

For the year ended March 31, 2021

(With Comparative Figure for the year from April 1, 2020 to March 31, 2021)

	Notes	31-Mar 2021		31-Mar 2020	
		PHP	**Rs Lacs**	PHP	Rs Lacs
Revenues	12	**10,669,780**	**1 60.59**	25,669,738	3 81.24
Cost of Services	14	**7,712,768**	**1 16.08**	20,913,249	3 10.59
Gross Income		**2,957,012**	**44.51**	4,756,489	70.64
Operating expenses and Administrative expense	15	**2,904,836**	**43.72**	4,190,159	62.23
Profit (Loss) From Operations		**52,176**	**0.79**	566,330	8.41
Other Income	13	**140,718**	**2.12**	316,956	4.71
Loss Before Income Tax		**192,894**	**2.90**	883,286	13.12
Provision For (Benefit From) Income Tax	18	**290,110**	**4.37**	270,313	4.01
Net Profit/ (Loss)		**(97,216)**	**(1.46)**	612,973	9.10
Total Comprehensive Profit/ (Loss)		**(97,216)**	**(1.46)**	612,973	9.10

See accompanying Notes to Financial Statements.

Statement of Equity

For the year ended March 31, 2021

(With Comparative Figure for the year from April 1, 2020 to March 31, 2021)

	(Note 11) Capital Stock		Deficit		Total	
	PHP	**Rs Lacs**	**PHP**	**Rs Lacs**	**PHP**	**Rs Lacs**
For the year Ended March 31, 2021						
Balances at beginings of year	**49,000,000**	**7 37.50**	**(16,615,330)**	**(2 50.08)**	**32,384,670**	**4 87.42**
Net Income / (Loss)	**-**	**-**	**(97,216)**	**(1.46)**	**(97,216)**	**(1.46)**
Balance at end of year	**49,000,000**	**7 37.50**	**(16,712,546)**	**(2 51.54)**	**32,287,454**	**4 85.96**
For the year Ended March 31, 2020						
Balances at beginings of year	49,000,000	7 37.50	(17,228,303)	(2 59.30)	31,771,697	4 78.20
Net Income / (Loss)	-	-	612,973	9.23	612,973	9.23
Balance at end of year	49,000,000	7 37.50	(16,615,330)	(2 50.08)	32,384,670	4 87.42

See accompanying Notes to Financial Statements

Statement of Cash Flows

For the year ended March 31, 2021

(With Comparative Figure for the year ended March 31, 2020)

	Note	**31-Mar 2021**		31-Mar 2020	
		PHP	**Rs Lacs**	PHP	Rs Lacs
CASH FLOWS FROM OPERATING ACTIVITIES					
Income / (loss) before income tax		**192,894**	**2.86**	883,286	13.12
Adjustment for :					
Bad debt expenses	5 & 15	**-**	**-**	147,321	2.19
Depreciation	8 & 14	**6,548**	**0.10**	6,548	0.10
Unrealized gain on foreign exchange		**317,902**	**4.72**	132,467	1.97
Interest Expense		**-**	**-**	3,937	0.06
Interest income	4 & 13	**(4,422)**	**(0.07)**	(4,086)	(0.06)
Operating loss before working capital changes		**512,922**	**7.62**	1,169,473	17.37
Decrease / (Increase) in:					
Trade and other receivables	5	**(1,384,146)**	**(20.56)**	6,103,497	90.65
Prepayments and other current assets		**(466,173)**	**(6.92)**	200,367	2.98
Security Deposit		**70,000**	**1.04**	209,266	3.11
Increase / (Decrease) in:					
Accruals and other payables	9	**(1,190,288)**	**(17.68)**	(595,532)	(8.84)
Net cash generated from / (used for) operations		**(2,457,685)**	**(36.50)**	7,087,071	1 05.25
Interest received	4	**4,422**	**0.07**	4,086	0.06
Interest Paid		**-**	**-**	(3,937)	(0.06)
Income tax paid		**-**	**-**	(120,300)	(1.79)
Net cash provided by / (used in) operating activites		**(2,453,263)**	**(36.43)**	6,966,920	1 03.47
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**515**	**0.01**	157	0.00
NET INCREASE (DECREASE) IN CASH		**(2,452,748)**	**(36.43)**	6,967,077	1 03.47
CASH AT BEGINNING OF YEAR		**15,390,448**	**2 28.57**	8,423,371	1 25.10
CASH AT END OF YEAR	4	**12,937,700**	**1 92.15**	15,390,448	2 28.57

See accompanying Notes to Financial Statements

Exchange Rate : as at 31 March 2021 is 1 PHP = 1.5051

Exchange Rate : as at 31 March 2020 is 1 PHP = 1.4852

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 three (3) employees as at March 31, 2021 and 2020, respectively.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 10, 2021.

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.

For Philippine financial reporting purposes, PFRS for Small Entities shall cover entities that:

(a) have total assets or total liabilities between P3 million and P100 million,

(b) are not required to file financial statements under Securities Regulation Code (SRC) Rule 68.1 (unlisted and non-public entities),

(c) are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market, and

(d) are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker / dealers, mutual funds and pre-need companies.

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

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.

Value-added tax

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 Judgments

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 ₱145,413 and ₱400,078 as at March 31, 2021 and 2020, respectively (see Note 18).

4. Cash in Bank

This account pertains to deposits in Citibank, N.A. amounting to ₱12,937,700 and ₱15,390,448 as at March 31, 2021 and 2020, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned amounted to ₱4,422 and ₱4,086 in 2021 and 2020, respectively.

Unrealized foreign exchange loss amounted to ₱515 and ₱157 in 2021 and 2020, respectively.

5. Trade and Other Receivables

	2021	2020
Accounts receivable - trade		
Related parties (Note 10)	**₱19,691,338**	₱15,344,358
Third parties	**783,952**	3,860,606
Advances to officers and employees	**107,500**	128,096
Advances to suppliers	**23,000**	181,144
Other receivables	**52,994**	78,851
	20,658,784	19,593,055
Less: allowance for bad debts	**(147,321)**	(147,321)
	₱20,511,463	₱19,445,734

The Company's aging of accounts receivable - trade is as follows:

	2021	2020
Current	**₱2,298,318**	₱4,789,446
Past due accounts but not impaired		
1 - 30 days	**–**	–
31 - 60 days	**–**	–
Above 60 days	**18,176,972**	14,494,369
	₱20,475,290	₱19,283,815

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 deposits for processing of visa downgrade and annual report.

Advances to officers and employees represent rolling advances of assignees subject to liquidation.

6. Prepayments and Other Current Assets

	2021	2020
Creditable withholding taxes	**₱1,823,521**	₱1,167,167
Prepaid rent (Note 16)	**377,001**	506,748
Prepaid income tax	**121,565**	87,717
Deferred input VAT	**97,570**	227,297
	₱2,419,657	₱1,988,929

Creditable withholding taxes will be claimed as tax credit once received from customers and will be used against the income tax payable. Once collected, the creditable withholding taxes are reclassified to prepaid income tax. Prepaid income tax applied against income tax payable for the years ended March 31, 2021 and 2020 amounted to ₱35,445 and ₱70,391, respectively.

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:

	2021	2020
Regus PLT Centre Inc.	**₱346,980**	₱346,980
Excellent Forex Corp.	**89,600**	89,600
Amalia Amparo T. Atayde	**–**	70,000
	₱436,580	₱506,580

8. Office Equipment

	2021	2020
Cost		
Balance at beginning of year	**₱19,643**	₱19,643
Accumulated Depreciation		
Balance at beginning of year	**9,276**	2,728
Depreciation (Note 14)	**6,548**	6,548
Balance at end of year	**15,824**	9,276
Net book value	**₱3,819**	₱10,367

9. Accruals and Other Payables

	2021	2020
Deferred output tax	**₱2,317,996**	₱2,196,900
Accrued expenses	**816,511**	630,901
Trade payable	**388,300**	1,715,607
Output VAT payable	**482,604**	468,486
Fringe benefit tax payable	**96,310**	106,377
Withholding tax payable at source	**21,971**	5,069
Withholding tax payable on wages	**19,695**	10,449
SSS, PHIC and HDMF payable	**13,420**	12,070
Advances from officers and employees	**10,371**	–
Advances from customers	**–**	211,607
	₱4,167,178	₱5,357,466

Deferred output VAT represents VAT on trade receivables that are payable upon collection from customers.

Accrued expenses consist of the following:

	2021	2020
Professional fees	**₱515,297**	₱381,143
Salaries	**276,558**	179,625
Vehicle rental	**24,656**	70,133
	₱816,511	₱795,497

Trade payable represents payable for supply of system condensate circuit with necessary fittings.

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
2021				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	**₱6,830,762**	**₱17,736,248**	Non-interest bearing, 30-days	Unsecured, no impairment

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
PT Thermax International Indonesia				
Marketing and Sales Support Services (Note 5)	**2,927,469**	**1,955,090**	Non-interest bearing, 30-days	Unsecured, no impairment
2020				
Thermax Limited				
Marketing and Sales Support Services (Note 5)	₱19,508,460	₱10,675,690	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

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% for the years ended March 31, 2021 and 2020, respectively.

Key management personnel compensation

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the years ended March 31, 2021 and 2020 and amounted to nil and ₱3,810,157, respectively.

11. Share Capital

The Company's share capital as at March 31, 2021 and 2020 consists of:

	2021		2020	
	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**	490,000	₱49,000,000
Paid up capital				
₱100 par value per share	**490,000**	**₱49,000,000**	490,000	₱49,000,000

The Company has one (1) shareholder owning one hundred (100) or more shares as at March 31, 2021 and 2020.

12. Revenue

	2021	2020
Service income		
Related parties (Note 10)	**₱9,758,231**	₱20,720,265
Third parties	**911,549**	4,949,473
	₱10,669,780	₱25,669,738

13. Other Income

	2021	2020
Income from reimbursement	**₱136,296**	₱312,870
Interest income (Note 4)	**4,422**	4,086
	₱140,718	₱316,956

14. Cost of Services

	2021	2020
Payroll and other related expenses	**₱2,893,603**	₱7,631,742
Rent (Note 16)	**1,836,799**	2,486,738
Vehicle rental	**960,724**	1,352,151
Outside services	**568,496**	4,210,299
Fringe benefit	**567,662**	1,140,829
Transportation and travel	**448,206**	2,161,928
Fringe benefit tax	**305,664**	618,293
Communication	**69,682**	65,723
Depreciation (Note 8)	**6,548**	6,548
Printing and office supplies	**5,878**	63,727
Advertising	–	627,619
Representation expense	–	19,086
Miscellaneous	**49,506**	528,566
	₱7,712,768	₱20,913,249

15. Operating Expenses

	2021	2020
Professional fees	**₱1,809,135**	₱1,400,324
Realized foreign exchange loss - net	**602,161**	1,238,636
Unrealized foreign exchange loss - net	**317,902**	132,467
Taxes and licenses	**97,753**	68,047
Insurance	**59,707**	33,824
Bank charges	**14,497**	87,323
Courier	**3,681**	10,592
Recruitment Fees	–	856,731
Penalties and surcharges	–	214,895
Bad debts	–	147,321
	₱2,904,836	₱4,190,160

16. Lease Agreements

The Company entered in operating lease agreements as follows:

a. Lease of condominium located at Unit - 3403D 34th Floor Milano Residences Century City, Makati City, Philippines for a period of two (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, 2021 to January 17, 2022 with a monthly rent of ₱50,000 exclusive of VAT. The security deposit was carried forward from the previous contract.

b. 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, 2020 to February 28, 2021 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 but with a decrease in office space for a period of (1) year from March 1, 2021 to February 28, 2022 with a monthly rent of ₱94,790 exclusive of VAT. The security deposit was carried forward from the previous contract.

Rent expense amounted to ₱1,836,799 and ₱2,486,738 for the years ended March 31, 2021 and 2020, respectively (Note 14).

The future minimum lease payments (excluding taxes, etc.) are as follows:

	2021	2020
Less than one year	**₱1,517,690**	₱2,688,390
Between 1 to 5 years	–	–
More than 5 years	–	–
	₱1,517,690	₱2,688,390

17. Foreign-Currency Denominated Assets

	2021	2020
Current assets		
Cash in banks	**$200**	$200
Trade receivables	**404,867**	330,753
	$405,067	$330,953
Year-end exchange rate	**₱48.46**	₱51.04
Peso equivalent	**₱19,629,547**	₱16,891,849

Foreign exchange gain (loss) charged to operations is as follows:

	2021	2020
Unrealized foreign exchange gain (loss)		
Cash in banks	**₱515**	(₱157)
Trade receivables	**(318,417)**	(132,310)
Realized foreign exchange loss - net	**(602,161)**	(1,238,636)
	₱920,063	₱1,371,103

18. Income Taxes

	2021	2020
Current	**₱35,445**	₱70,391
Deferred	**254,665**	199,922
	₱290,110	₱270,313

House of Representatives ratifies Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower RCIT and MCIT rate of 20% and 1%, respectively, effective July 1, 2020. Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated RCIT and MCIT rate of the Company for FY2021 are 22.50% and 1.23%, respectively. The RCIT rate used to recognize the deferred tax assets and liabilities is 22.5%.

Current income tax

The current income tax expense for the years ended March 31, 2021 and 2020 pertains to minimum corporate income tax (MCIT).

Deferred income tax

The Company's deferred tax assets as of March 31, 2021 and 2020 are as follows:

	2021	2020
MCIT	**₱105,836**	₱–
Net operating loss carryover (NOLCO)	**39,577**	336,595
Advances from customers	**–**	63,483
	₱145,413	₱400,078

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	Utilized	Expired	Ending balance	Expiration
2019 – 2020	₱175,898	₱–	₱–	₱175,898	2023
2016 – 2017	14,529,983	(162,300)	(14,367,683)	–	2021
Total	**₱14,705,881**	**(₱162,300)**	**(₱14,367,683)**	**₱175,898**	

The carryforward benefits of MCIT available for offset against income tax payable are as follows:

Year Incurred		Amount	Expiration
2019 – 2020		**₱70,391**	2023
2020 – 2021		**35,445**	2024
	Total	**₱105,836**	

The reconciliation between the tax computed at statutory income tax rates to provision for income tax follows:

	2021	2020
Income at statutory income tax rate	**₱43,401**	₱264,985
Tax effects of:		
Expiration of NOLCO	**176,352**	–
Movement in unrecognized deferred tax asset	**35,907**	(172,502)
MCIT	**35,445**	70,391
Interest income subjected to final tax	**(995)**	(1,226)
Nondeductible expenses	**–**	108,665
Provision for income tax	**₱290,110**	₱270,313

19. Supplementary Tax Information under Revenue Regulations (RR)

The Bureau of Internal Revenue has issued Revenue Regulations (RR) No. 15-2010 and (RR) No. 34-2020 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, 2021 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

Sales of services	₱9,614,025
Zero-rated sales/receipts	–
Total gross receipts	9,614,025
Less:	
Zero-rated sales/receipts	–
Total VATable gross receipts	9,614,025
Multiply by: Tax rate	12%
Total output VAT for the year	1,153,683
Current year's purchases	
Domestic purchases of goods other than capital goods	12,010
Domestic services	5,580,390
Total VATable purchases	5,592,319
Multiply by: Tax rate	12%
Total input for the year	671,078
Add: Previous year's excess input VAT	
Total allowable input VAT	671,078
Output VAT declared for the year	1,153,683
Output VAT payable	1,153,683
Less: Total Input VAT at the end of the year	671,078
VAT payable for the year	482,604
Less: VAT payments for the current year	–
Net output VAT payable	₱482,604

Landed cost, customs duties and tariffs

The Company has no transactions which are subject to the determination of actual landed cost as the basis of computation and payment of customs duties and tariffs.

Excise taxes

The Company has no transactions that are subject to excise tax.

Documentary stamp taxes

Documentary stamp tax of ₱4,681 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	**₱92,572**
Documentary stamp tax	**4,681**
Annual registration	**500**
	₱97,753

Withholding taxes

i. Withholding tax on compensation

Total withholding tax payable for the year	₱363,113
Less: Payments made from April 2020 to February 2021	343,419
Withholding tax still due and payable	**₱19,695**

ii. Fringe benefits tax

Total fringe benefit tax payable for the year	₱305,664
Less: Payments made from April 2020 to February 2021	209,354
Fringe benefit tax still due and payable	**₱96,310**

iii. Expanded withholding tax

Total withholding tax payable for the year	₱143,771
Less: Payments made from April 2020 to February 2021	121,800
Withholding tax still due and payable	**₱21,971**

iv. Final withholding tax

The Company has no transactions subject to final withholding tax.

v. Creditable withholding tax

Current year's creditable withholding tax	₱1,892,814
Creditable withholding tax applied for the year	69,293
Creditable withholding tax balance	**₱1,823,521**

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.

RR-No. 34-2020

On December 18, 2020, the BIR issued RR No. 34-2020 which prescribes the guidelines and procedures for the submission of BIR form 1709, Transfer Pricing Documentation (RPD) and other supporting documents. This regulation is issued to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices.

Under this RR, Companies that will fall under the following criteria will be required to file and submit BIR Form 1709 or Information Return on Related Party Transaction (RPT Form):

(a) Large taxpayers;

(b) Taxpayers enjoying tax incentives, i.e. Board Of Investments (BOI)-registered and the economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;

(c) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and

(d) A related party, as defined under Section 3 of RR No. 19- 2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit Related Party Transaction (RPT) Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity / parent company of the latter in the RPT Form.

Since the Company does not fall in any categories as mentioned above, it will not be required to file and submit BIR form 1709 for the year ended March 31, 2021.

THERMAX NIGERIA LIMITED

Directors	Independent Auditor	Corporate office
Rabindranath Pillai Sandeep Mandke Mahesh Bukinere (Resigned on 16 May 2020)	PricewaterhouseCoopers Chartered Accountants Landmark Towers, 5B Water Corporation Road Victoria Island, Lagos	Landmark Towers 5B Water Corporation Road Victoria Island Lagos

Company Secretary	Banker	Company Registration No.
Eko Nominees Limited 5B Water Corporation Road Victoria Island Lagos	Citi Bank Nigeria Limited 27 Kofo Abayomi Street Victoria Island Lagos	RC 1290610

Financial statements

For the year ended 31 March 2021

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 2021.

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.

Operating results and dividends
The Company's results for the year ended 31 March 2021 are set out. The total comprehensive income for the year has been transferred to retained earnings. The summarised results are presented below.

	31 March 2021	31 March 2020
	NGN'000	NGN'000
Revenue	80,271	27,014
Profit/(loss) before tax	21,948	(3,771)
Income tax expense	(5,504)	2,851
Total comprehensive income	16,444	(920)

The directors do not propose dividend payment in respect of the year ended 31 March 2021 (2020: Nil).

Directors
The directors who held office during the year and to the date of this report are given below.

Rabindranath Pillai

Sandeep Mandke

Directors' shareholding
None of the directors have any interest in the shares of the company as at 31 March 2021 (2020: Nil). According to the register of members as at 31 March 2021, the following are the shareholders of Thermax Nigeria Limited.

Shareholding	Number of shares held at 31 March 2021			
	Shareholding (units)	Percentage	Shareholding (units)	Percentage
Thermax International Limited, Mauritius	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 303(1) and (3) of Companies and Allied Matters Act of Nigeria (CAMA 2020), 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 17 of these financials statements.

Employee health, safety and welfare

(a) Health, Safety and Welfare at work
The Company places high premium on the health, safety and welfare of its employees in their place of work. In order to protect other persons against risks to health and safety hazards arising out of or in connection with the activities of employees at work, the Company has adopted comprehensive safety policies and procedures and reviews safety facilities on a regular basis.

(b) Employee consultation and training
The Company places considerable value of the involvement of its employees in its affairs and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. It also ensures that employees receive on the job training complemented when and where necessary with additional facilities from educational institutions or other training institutions.

(c) Employment of physically challenged persons
Applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. It is the policy of the Company that the training, career development and promotion of physically challenged employees should, as far as possible, be identical with that of other employees. There are no physically challenged persons in its employment during the year (2020: Nil).

Donations and gifts
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 (2020: Nil).

Auditors
Messrs. PricewaterhouseCoopers, independent auditors, having indicated their willingness will continue as the Company's auditors in accordance with Section 401 of the Companies and Allied Matters Act (CAMA 2020).

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	**Sandeep Mandke**
Director	Director
....	....
19 May 2021	19 May 2021

Statement of corporate responsibilities over financial reporting

Pursuant to Section 405 of the Companies and Allied Matters Act, 2020, we confirm that we have reviewed the audited financial statements of Thermax Nigeria Limited for the year ended 31 March 2021.

We acknowledge our responsibility for establishing and maintaining internal controls within Thermax Nigeria Limited and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the audited financial statements were prepared.

We have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date on our audited financial statements, and certify that the Company's internal controls are effective as of that date.

We also confirm that the Company's auditors have been informed about the following:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's Auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control;

During the year, there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We hereby certify that based on our knowledge, the financial statements do not contain any untrue statement of material fact or material omission that may make the financial statements misleading and the financial statements fairly presents in all material respects the financial condition and results of operations of the Company for the year ended 31 March 2021.

Rabindranath Pillai	**Sandeep Mandke**
Director	Director
....	....
19 May 2021	19 May 2021

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 2021, 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 2021;
- the statement of profit or loss for the year then ended 31 March 2021;
- 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 Director's Responsibilities, Statement of corporate responsibilities over financial reporting, Statement of Value Added and Four-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 director'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
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** 19 May 2021
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Financial Statements for the year ended 31 March 2021

Statement of Profit and Loss and Other Comprehensive Income

	Notes	31 March 2021		31 March 2020	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Revenue	5	**80,271**	**1 54.20**	27,014	56.69
Operating expenses	6	**(71,936)**	**(1 38.19)**	(30,793)	(64.62)
Other income	7	**13,614**	**26.15**	8	0.02
Operating profit / (loss)		**21,948**	**42.16**	(3,771)	(7.91)
Profit /(Loss) Before Tax		**21,948**	**42.16**	(3,771)	(7.91)
Income Tax Expenses	8	**(5,504)**	**(10.57)**	2,851	5.98
Profit/ (Loss) After Tax		**16,444**	**31.59**	(920)	(1.93)
Earnings/ (Loss) per share (Naira)		**0.33**	**0.00**	(0.02)	(0.00)

The notes are an integral part of these financial statements.

Exchange rate : as at 31 March 2021 is 1 INR = NGN 0.192

Exchange rate : as at 31 March 2020 is 1 INR = NGN 0.209

Statement of Financial Position

	Notes	31 March 2021		31 March 2020	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Assets					
Non-Current Assets					
Deferred tax asset	8	**-**	**-**	2,851	5.98
Total non-current assets		**-**	**-**	2,851	5.98
Current assets					
Cash and cash equivalents	10	**48,053**	**92.31**	6,941	14.57
Trade & Other receivables	9	**20,965**	**40.27**	41,301	86.67
Total current assets		**69,018**	**1 32.58**	48,242	1 01.24
Total assets		**69,018**	**1 32.58**	51,093	1 07.22
LIABILITIES					
Current liabilities					
Accruals, provisions and other liabilities	11	**7,100**	**13.64**	6,339	13.30
Trade payables		**1,260**	**2.42**	3,193	6.70
Current Tax Liabilities	8	**2,653**	**5.10**	-	-
Total current liabilities		**11,013**	**21.16**	9,532	20.00
Total liabilities		**11,013**	**21.16**	9,532	20.00
EQUITY					
Share capital and share premium	4	**50,000**	**96.05**	50,000	1 04.93
Retained earnings		**8,005**	**15.38**	(8,439)	(17.71)
Total equity		**58,005**	**1 11.43**	41,561	87.22
Total equity and liabilities		**69,018**	**1 32.58**	51,093	1 07.22

The financial statements were approved and authorised for issue by the board of directors on 19th May 2021 and were signed on its behalf by:

Rabindranath Pillai
Director

Sandeep Mandke
Director

THERMAX NIGERIA LIMITED

Statement of Changes in Equity

	Notes	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 2019		15,000	28.82	(7,519)	(14.44)	7,481	14.37
Loss for the period		-	-	(920)	(1.77)	(920)	(1.77)
Issue of new shares		35,000	67.24	-	-	35,000	67.24
Balance at 31 March 2020		**50,000**	**96.05**	**(8,439)**	**(16.21)**	**41,561**	**79.84**
At 1 April 2020		**50,000**	**96.05**	**(8,439)**	**(16.21)**	**41,561**	**79.84**
Profit for the period		-	-	16,444	31.59	16,444	31.59
Balance at 31 March 2021		**50,000**	**96.05**	**8,005**	**15.38**	**58,005**	**1 11.43**

The notes are an integral part of these financial statements.

Statement of Cash flows

	31 March 2021		31 March 2020	
	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Cash flows from operating activities				
Profit/ (Loss) on ordinary activities before taxation	**21,948**	**42.16**	(3,771)	(7.91)
	21,948	**42.16**	(3,771)	(7.91)
Changes in working capital:				
Increase/(decrease) in accruals, provisions and other liabilities	**761**	**1.46**	3,270	6.86
Increase/(decrease) in trade payables	**(1,933)**	**(3.71)**	3,193	6.70
(Increase)/ Decrease in trade & other receivables	**20,336**	**39.07**	(41,301)	(86.67)
Net cash inflow generated from /(used in) operating activities	**41,112**	**78.98**	(38,609)	(81.03)
Cash flows from Financing activities				
Paid up share capital	**-**	**-**	35,000	73.45
Net cash inflow from financing activities	**-**	**-**	35,000	73.45
Net increase/ (decrease) in cash and cash equivalents	**41,112**	**78.98**	(3,609)	(7.57)
Cash and cash equivalents at the beginning of the year	**6,941**	**13.33**	10,550	22.14
Cash and cash equivalents at the end of the year	**48,053**	**92.31**	6,941	14.57

The notes are an integral part of these financial statements.

For the year ended 31 March 2021
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.

2.2.2 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.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendment to IAS 1 and IAS 8: Definition of Material

The IASB's 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.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

The IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

IFRS 16 - Leases Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which would be used in standard-setting decisions with immediate effect. The 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.

There will be no changes to any of the current accounting standards applied by the Company. However, 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.

ii) New standards, amendments, interpretations issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 December 2020, and have not been applied in preparing these financial statements. Management has assessed the potential impacts of these standards and concludes that the adoption of these standards will not have a material impact on the Company's accounting policies and amounts disclosed in the financial statements.

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.

Fee income

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 profit 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 2021 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.

2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, 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.

2.9 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.

2.10 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.

2.11 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.

2.11.1 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

2.11.2 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.18 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 2021	31 March 2020
	N'000	N'000
Amounts due from related parties (note 9)	**20,636**	27,121
Amount due from others (note 9)	**70**	-
Other current assets (note 9)	**258**	14,180
Cash and cash equivalents (note 10)	**48,053**	6,941
Financial assets bearing credit risk	**69,018**	48,242

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.

Amounts due from related parties

Trade receivables represent fee income due from related parties for the provision of services in the ordinary course of business. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections), applying experienced judgement and historical default rates. Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforcable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The credit risk associated with receivables due from related parties are considered minimal and no impairment has been recognised in repsect of the balances at year end (2020: Nil).

	31 March 2021	31 March 2020
	N'000	N'000
Gross carrying amount as at 1 April	**27,014**	-
Additions during the year	**76,253**	27,014
Receipts for the year	**(82,631)**	-
Gross carrying amount as at 31 March	**20,636**	27,014

Cash and bank balance fall under neither past due nor impaired.

Fitch ratings of cash and bank balances are:

	31 March 2021	31 March 2020
	N'000	N'000
B+	**48,053**	6,941

'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 2021

	Less than 3 months	**Between 3 months and 1 year**	**Over 1 year**	**Total**
	N'000	**N'000**	**N'000**	N'000
Trade payables	1,260	-	-	1,260
Accruals, provisions and other liabilities	7,100	-	-	7,100
	8,360	**-**	**-**	**8,360**

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
Trade payables	3,193	-	-	3,193
Accruals, provisions and other liabilities	5,949	390	-	6,339
	9,142	**390**	**-**	**9,532**

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 (2020: 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 N20.636m (2020: N27.014m).

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 2021	31 March 2020
	N'000	N'000
Impact on account receivable balance		
Increase in US Dollars exchange rate against NGN +20%	**24,763**	32,417
Decrease in US Dollars exchange rate against NGN -20%	**16,509**	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 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 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 2021 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 2021 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 2021	31 March 2020
	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**	50,000

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

The Company derives revenue from the transfer of services at a point in time in the following major product lines:

	31 March 2021	31 March 2020
	N'000	N'000
Fee income	**76,253**	27,014
Technical services	**4,018**	-
	80,271	27,014

Thermax Nigeria has entered 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. The fee income has been determined as follow:

	31 March 2021	31 March 2020
	N'000	N'000
Operating expenses	**71,936**	25,485
Add : Mark-up of 6%	**4,316**	1,529
	76,253	27,014

There was no assets or liabilities related to contracts with customers as at reporting date (2020: Nil). See note 2.3 for detailed accounting policy related to revenue from contracts with customers.

6 Operating expenses

	31 March 2021	31 March 2020
	N'000	N'000
Audit fee	**3,042**	915
Professional and secretarial fees	**16,761**	5,556
Employees cost (note 12)	**24,691**	12,508
Traveling and conveyance	**11,369**	6,567
Rent	**13,372**	4,953
Communication	**485**	171
Others	**2,216**	123
	71,936	30,793

7 Other income

	31 March 2021	31 March 2020
	N'000	N'000
Forein exchange gain	**13,605**	-
Other income	**9**	8
	13,614	8

8 Taxation

8.1 Current income tax

	31 March 2021	31 March 2020
	N'000	N'000
Company income tax	**2,214**	–
Education tax	**439**	–
Deferred tax charge/(credit) to profit or loss	**2,851**	(2,851)
	5,504	(2,851)

8.2 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 2021	31 March 2020
	N'000	N'000
Profit/(loss) before tax	**21,948**	(3,771)
Tax calculated at statutory rate @ 20% (2020:30%)	**4,390**	1,131
Tax effects of:		
Education tax	**439**	-
Prior year adjustment for deferred tax	**2,851**	(2,851)
Tax losses	**(2,175)**	(1,131)
Income tax expense	**5,504**	(2,851)

8.3 Current income tax liability

	31 March 2021	31 March 2020
	N'000	N'000
Balance at 1 April	**-**	-
Charge for the year	**2,653**	-
Payment during the year	**-**	-
At 31 March	**2,653**	-

8.4 Deferred income tax assets/(liabilities)

	31 March 2020	Credit/(charge) to P/L	31 March 2021
	N'000	N'000	N'000
Tax losses carried forward	2,851	-	**2,851**
Tax losses relieved	-	(2,851)	**-**
	2,851	(2,851)	-

9 Trade and other receivables

	31 March 2021	31 March 2020
	N'000	N'000
Balance due from related parties	**20,636**	27,121
Balance due from others	**70**	-
Net trade receivable	**20,706**	27,121
Other receivables		
Advance to employees	**-**	558
Deposit for office rent*	**250**	250
Prepayments	**-**	13,372
VAT receivable	**8**	-
	20,965	41,301

*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.

10 Cash and cash equivalents

	31 March 2021	31 March 2020
	N'000	N'000
Cash at bank	**48,053**	6,941

11 Accruals, provisions and other liabilities

	31 March 2021	31 March 2020
	N'000	N'000
Professional fees payable	**4,796**	3,205
Provision for VAT penalty	**390**	390
WHT liabilities	**84**	598
Payroll related liabilities	**1,830**	2,146
	7,100	6,339

12 Employee information

	31 March 2021	31 March 2020
	N'000	N'000
Salaries and wages	**23,576**	11,524
Pension cost - Retirement contribution plan	**1,115**	984
	24,691	12,508

Number of persons employed during the year

	2021 Number	2020 Number
Sales and marketing department	2	2
Service department	1	2

The number of employees with emoluments within the bands stated above are

	2021 Number	2020 Number
	N'000	N'000
N100,000 - N1,000,000	1	2
N1,000,001 - N40,000,000	1	1
N40,000,001 - N80,000,000	1	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 2021	31 March 2020
	Relationship	**N'000**	N'000
Thermax International Limited, Mauritius	Parent company	-	35,000

The Company has not issued shares during the year.

b Sale of goods and services

		31 March 2021	31 March 2020
	Relationship	**N'000**	N'000
Thermax Limited	Related company	**76,253**	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 (2020: Nil).

d Amount due from related parties

		31 March 2021	31 March 2020
	Relationship	**N'000**	N'000
Thermax Limited	Related company	20,636	27,014

e Key management compensation

Key management personnel of the Company includes the directors. The directors waived their right to receive compensation from the Company during the year (2020: Nil).

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 (2020: Nil).

15 Commitments

The Company had no capital commitments as at 31 March 2021 (2020: Nil).

16 Impact of Coronavirus

The growing Coronavirus (Covid-19) pandemic presented a challenge, unprecedented in modern times, for businesses both locally and internationally. Although its effects are uneven across the economy, many sectors have been severely affected and none have been left untouched. Nigeria continues to address the increasing cases of Covid-19 and its implications on the economy. Severally measures were taken by the Nigerian authorities to curtail the spread of the virus including lockdowns in major cities, local and international travel restrictions, compulsory wearing of masks in public, physical distancing and limitations on public gatherings, among others.

There was no material impact of the virus on the Company in the year ended 31 March 2021. The Directors continue to set a clear direction and communicate this effectively to all staff and other stakeholders for business continuity.

17 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Other national disclosures:

Statement of value added

	31 March 2021		31 March 2020	
	N'000	%	N'000	%
Revenue	**80,271**		27,014	
Other income	**13,614**		8	
Bought in materials and services	**93,885**		27,022	
Brought in materials and services:				
Local	**(47,435)**		(18,285)	
Value added	**46,639**	100	8,737	100
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	**24,691**	53%	12,508	143%
Taxation:				
Tax charge/(credit)	**5,504**	12%	(2,851)	-33%
To provide for enhancement of assets and growth:				
Retained profit/ (loss) for the year	**16,444**	35%	(920)	-11%
Value added	**46,639**	100	8,737	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:

Four-year financial summary

	31 March 2021	31 March 2020	31 March 2019	31 March 2018
	N'000	N'000	N'000	N'000
Statement of financial position				
Non-current assets	**-**	2,851	-	-
Current assets	**69,018**	48,242	10,550	-
Total assets	**69,018**	51,093	10,550	-
Current liabilities	**11,013**	9,532	3,069	3,465
Share capital	**50,000**	50,000	15,000	-
Accumulated loss	**8,005**	(8,439)	(7,519)	(3,465)
Total equity	**69,018**	51,093	10,550	-

	31 March 2021	31 March 2020	31 March 2019	31 March 2018
	N'000	N'000	N'000	N'000
Statement of profit or loss and other comprehensive income				
Revenue	**80,271**	27,014	-	-
Operating profit/(loss)	**21,948**	(3,771)	(4,054)	(2,089)
Taxation	**(5,504)**	2,851	-	-
Profit/(loss) for the year	**16,444**	(920)	(4,054)	(2,089)

Thermax Nigeria Limited has only been in operation for 4 years and hence, a four-year financial summary has been presented.

THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

Board of Directors	***Registered Office***	***Auditors***	***Bankers***
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	Citi Bank, N.A.

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 2021, 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 2021 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.

03 May 2021

Colombo

Statement of Financial Position

As at 31 March 2021

	Note No	31 March 2021		31 March 2020	
		LKR	Rs Lacs	LKR	Rs Lacs
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	**37,444**	**0.14**	69,357	0.28
		37,444	**0.14**	69,357	0.28
Current Assets					
Trade and other Receivables	5	**14,965,415**	**55.12**	12,735,842	50.91
Cash and Cash Equivalents	6	**153,551,876**	**5 65.53**	149,843,002	5 98.98
		168,517,291	**6 20.65**	162,578,844	6 49.89
Total Assets		**168,554,735**	**6 20.79**	162,648,201	6 50.16
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	7	**153,300,000**	**5 64.60**	153,300,000	6 12.79
Retained Earnings		**14,204,499**	**52.32**	8,102,637	32.39
Total Equity		**167,504,499**	**6 16.92**	161,402,637	6 45.18
Current Liabilities					
Trade and other payables	8	**870,269**	**3.21**	948,940	3.79
Income Tax Payable	11	**179,967**	**0.66**	296,624	1.19
		1,050,236	**3.87**	1,245,564	4.98
Total Liabilities		**1,050,236**	**3.87**	1,245,564	4.98
Total Equity and Liabilities		**168,554,735**	**6 20.79**	162,648,201	6 50.16

I certify that these Financial Statements comply with the requirements of the Companies Act No.7 of 2007

The Board of Directors is responsible for the preparation and presentation of these Financial statement. Signed for and on behalf of the Board by:

Country Manager	Director	Director
Arunprakash B	**Bhavesh Chheda**	**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 2021

	Note No	31 March 2021		31 March 2020	
		LKR	Rs Lacs	LKR	Rs Lacs
Revenue	9	**16,377,743**	**60.32**	21,842,181	87.31
Other Income		**1,497,406**	**5.51**	900,762	3.60
Administrative Expenses		**(15,266,738)**	**(56.23)**	(20,605,832)	(82.37)
Finance Income		**4,479,244**	**16.50**	6,766,838	27.05
Profit / (loss) before tax		**7,087,655**	**26.10**	8,903,950	35.59
Income Tax Expenses	10	**(985,792)**	**(3.63)**	(2,553,441)	(10.21)
Profit / (loss) for the year		**6,101,862**	**22.47**	6,350,509	25.39

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 2021

	Stated Capital		Retained Earnings		Total	
	LKR	Rs Lacs	LKR	Rs Lacs	LKR	Rs Lacs
Balance as at 01 April 2020	153,300,000	5 64.60	8,102,637	29.84	161,402,637	5 94.45
Profit / (Loss) for the year	**-**	**-**	**6,101,862**	**22.47**	**6,101,862**	**22.47**
Balance at 31st March 2021	**153,300,000**	**5 64.60**	**14,204,499**	**52.32**	**167,504,499**	**6 16.92**
Balance as at 01 April 2019	153,300,000	5 64.60	1,752,128	6.45	155,052,128	5 71.06
Profit / (Loss) for the year	-	-	6,350,509	23.39	6,350,509	23.39
Balance at 31st March 2020	153,300,000	5 64.60	8,102,637	29.84	161,402,637	5 94.45

The accounting policies and notes on pages 07 through 16 form an integral part of these Financial Statements.

Exchange Rate as at 31 March 2021 is 1 LKR = Rs.0.368
Exchange Rate as at 31 March 2020 is 1 LKR = Rs.0.399

Cash Flow Statement

Year ended 31 March 2021

	Note No	31 March 2021		31 March 2020	
		LKR	Rs Lacs	LKR	Rs Lacs
Cash flows from/(used in) Operating Activities					
Profit/(Loss) before Tax		**7,087,654**	**26.10**	8,903,950	35.59
Adjustments for					
Depreciation and Amortisation	4.2	**31,913**	**0.12**	28,819	0.12
Interest Received		**(4,479,244)**	**(16.50)**	(6,766,838)	(27.05)
Operating Profit/(Loss) before working Capital Changes		**2,640,323**	**9.72**	2,165,931	8.66
(Increase) / Decrease in Trade and other Receivables	5	**(2,640,164)**	**(9.72)**	11,368,389	45.44
Increase / (Decrease) in Trade and other Payables	8	**(78,671)**	**(0.29)**	5,654	0.02
Cash from/(used in) Operating Activities		**(78,512)**	**(0.29)**	13,539,975	54.12
Income Tax paid		**(691,858)**	**(2.55)**	(3,117,329)	(12.46)
Net Cash from/(used in) Operating Activities		**(770,370)**	**(2.84)**	10,422,646	41.66
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		**4,479,244**	**16.50**	6,766,838	27.05
Net Cash Flows from/(used in) Financial Activities		**4,479,244**	**16.50**	6,766,838	27.05
Net Increase/(Decrease) in Cash and Cash Equivalents		**3,708,874**	**13.66**	17,172,984	68.65
Cash and Cash Equivalents at the beginning of the year		**149,843,002**	**5 51.87**	132,670,018	5 30.33
Cash and Cash Equivalents at the end of the year	**6**	**153,551,876**	**5 65.53**	149,843,002	5 98.98

The accounting policies and notes on pages 07 through 16 form an integral part of these Financial Statements.

Exchange Rate as at 31 March 2021 is 1 LKR = Rs.0.368
Exchange Rate as at 31 March 2020 is 1 LKR = Rs.0.399

Notes to the Financial Statements

Year ended 31 March 2021

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 2021 were authorised for issue in accordance with the resolution of the Board of Directors on 03 May 2021.

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 2021.

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 01.04.2020	Additions/ Revaluation	Disposal	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
4.1 Gross Carrying Amounts				
At Cost				
Computers & Software	133,500	-	-	**133,500**
Total Gross Carrying Amount	133,500	-	-	**133,500**

4.2 Depreciation	Balance As at 01.04.2020	Charge for the year	Disposals/ Transfers	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
At Cost				
Computers & Software	64,143	31,913	-	**96,056**
Total Depreciation	64,143	31,913	-	**96,056**

4.3 Net Book Value of Assets	2021	2020
	Rs.	Rs.
Computers & Software	**37,444**	69,357
Total Carrying Amount of Property, Plant and Equipment	**37,444**	69,357

4.4 Company has not acquired any assests during the year (2020 - 16,500).

5. TRADE AND OTHER RECEIVABLES

		2021 Rs.	2020 Rs.
Trade Receivables From Related Party	Relationship	**13,965,314**	9,866,431
Thermax Limited - India	Affiliate Company	**13,965,314**	9,866,431
Other Receivables			
Refundable Deposit		**822,950**	798,750
WHT Receivables		**-**	472,921
Prepayments		**83,212**	1,393,285
VAT Receivables		**93,938**	93,938
Others		**-**	110,517
		1,000,101	2,869,411
Grand Total		**14,965,415**	12,735,842

6. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

	2021 Rs.	2020 Rs.
Components of Cash and Cash Equivalents		
Favorable Cash and Cash Equivalent Balances		
Cash and Bank Balances	**32,477,629**	29,528,509
Short Term Deposits (Note 6.1)	**121,074,247**	120,314,493
	153,551,876	149,843,002
Unfavorable Cash and Cash Equivalent Balances		
Bank Overdrafts	**-**	-
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**153,551,876**	149,843,002

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	**1,074,247**	314,493
	121,074,247	120,314,493

7. STATED CAPITAL

	2020/21 Number	Rs.
Fully Paid Ordinary Shares	**15,330,000**	153,300,000
	15,330,000	153,300,000

8. TRADE AND OTHER PAYABLES

	2021 Rs.	2020 Rs.
Accrued Expenses		
Accounting Charges Payable	**43,512**	87,402
BOI Fees Payable	**-**	21,000
EPF Payable	**98,102**	192,204
ETF Payable	**14,715**	28,831
APIT Payable	**68,270**	134,517
Audit fee payable	**150,000**	165,000
Provision for Leave Travel Expenses	**239,706**	-
Payroll Processing Fees Payable	**16,678**	16,678
Legal & Professional Fees Payable	**58,588**	72,450
Other Payables	**180,698**	230,858
	870,269	948,940

9. REVENUE

	2021 Rs.	2020 Rs.
Marketing and Sales Supporting Fees	**16,377,743**	21,842,181
	16,377,743	21,842,181

10. TAXATION

The major components of income tax expense for the year ended 31 March are as follows;

Income Statement	2021	2020
Current Income Tax	Rs.	Rs.
Tax expense for the year (Note 10.1)	**1,075,019**	2,498,369
(Over)/Under-provision from prior year	**(89,227)**	55,072
Income tax expense reported in the Income Statement	**985,792**	2,553,441

10.1 A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:

	2021	2020
	Rs.	Rs.
Accounting (Loss)/Profit before tax	**7,087,654**	8,903,950
Aggregate of Disallowed items	**86,140**	51,346
Aggregate of Allowed items	**(32,550)**	(32,550)
Aggregate of Gains from realization of Business Assets - Realized Gains	**290,304**	-
Aggregate of Accounting Profit on realization of Business Assets	**(895,717)**	-
Income from other sources	**(4,479,244)**	(6,766,838)
Income From Business	**2,056,587**	2,155,908
Less: Exempt Income earned in Foreign Currency	**(1,454,898)**	
Tax losses Utilized	**-**	-
Taxable Profit (loss)from Trade and Business	**601,688**	2,155,908
Other Sources of Income		
Interest Income	**4,479,244**	6,766,838
Taxable Income from other sources	**4,479,244**	8,922,746
Income tax @ 24%	**1,075,019**	2,498,369

11. INCOME TAX PAYABLE

	2021	2020
	Rs.	Rs.
Income tax payable		
At the beginning of the year	**296,624**	1,230,020
Provision made during the year	**1,075,019**	2,498,369
Under/(Over) Provision in respect of previous year	**(89,227)**	55,072
Payments made during the year	**(691,857)**	(3,117,329)
WHT Set-Off	**(410,592)**	(369,508)
Balance at the end of the year	**179,967**	296,624

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 no material events been 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

Nature of Transaction	Thermax Limited India Affiliated Company	
	2021	2020
	Rs.	Rs.
As at 1 April	**9,866,431**	22,396,882
Receipts	**(13,581,265)**	(35,273,394)
Marketing and Sales Supporting Services	**16,182,743**	21,842,181
Exchange Gain	**1,497,406**	900,762
Balance as at 31 March	**13,965,315**	9,866,431

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

	2021	2020
	Rs.	Rs.
Transactions with Key Management Personnel		
Short Term Benefits	**8,171,834**	9,717,632
Performance Incentives	**512,652**	661,194
Post Employment Benefits	**1,006,987**	1,075,717

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 .

17. 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.

STATEMENT I	2021	2020
	Rs.	Rs.
ADMINISTRATIVE EXPENSES		
Accounting Charges	**568,710**	628,394
Accommodation Expense	**2,863**	30,320
Audit Fee	**181,020**	194,851
Bank Charges	**4,525**	3,600
BOI Fees	**78,360**	21,000
Communication Expense	**94,483**	78,379
Courier Charges	**9,762**	4,940
Customer Relation Expense	**54,227**	19,770
Car Parking Fees	**-**	70,967
Depreciation	**31,913**	28,819
EPF Expenses	**1,010,041**	1,151,086
ETF Expenses	**164,946**	194,231
Food Expense	**57,790**	138,594
Foreign Travelling	**172,674**	589,340
Fuel Expense	**238,704**	314,209
House Rent	**2,538,000**	2,736,000
Legal & Professional Fees	**143,344**	525,329
Leave Travel Allowance	**239,706**	-
Miscellaneous Expenses	**-**	8,768
Parking / Toll Fees	**27,403**	20,970
Payroll Processing Fees	**230,400**	245,233
Printing & Copying	**9,043**	15,362
Salaries & Wages	**6,029,633**	8,071,205
School Fees	**723,901**	692,850
Transport Charges	**-**	63,964
Vehicle Rent	**1,340,000**	1,440,000
Incentive	**662,652**	983,092
Insurance	**36,434**	12,642
Meeting Expense	**69,584**	6,608
Office Maintenance	**-**	200
Office Rent	**538,812**	2,306,206
Stamp Duty Expense	**300**	300
Penalty Expense	**-**	2,758
Stationery Expense	**7,510**	5,845
	15,266,738	20,605,832

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 2021, 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 profit or loss or other comprehensive income for the year ended 31 March 2021;
- the statement of financial position as at 31 March 2021
- 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 Corporate information, 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 (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** 31 May 2021
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Thermax Engineering Construction FZE
Annual report and financial statements
For the year ended 31 March 2021

Statement of Profit and Loss and Other Comprehensive Income

	Notes	31 March 2021		20 months ended 31 March 2020	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Revenue	5	1,112,437	21 36.99	263,797	5 53.61
Operating expenses	6	(621,322)	(11 93.56)	(68,432)	(1 43.61)
Other income		180	0.35	12	0.03
Profit for the year		**491,295**	**9 43.78**	**195,377**	**4 10.02**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation reserves	12	27,496	52.82	35,853	75.24
Total comprehensive income		**518,791**	**9 96.60**	**231,230**	**4 85.26**
Earnigs per share (Naira)		5,188	9.97	2,312	4.85

The notes on pages 8 to 22 form an integral part of these financial statements.

Thermax Engineering Construction FZE
Annual report and financial statements
For the year ended 31 March 2021

Statement of Financial Position

Particulars	Notes	March 31, 2021		March 31, 2020	
		NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
ASSETS					
Current assets					
Cash and cash equivalents	9	365,948	7 02.99	233,581	4 90.20
Trade receivables	10	554,564	10 65.32	210,788	4 42.36
Other current assets	11	47,258	90.78	-	-
Total assets		**967,770**	**18 59.09**	**444,369**	**9 32.56**
LIABILITIES					
Current liabilities					
Accruals, provisions and other liabilities	7	85,785	1 64.79	106,439	2 23.37
Trade payables	8	101,399	1 94.79	76,135	1 59.78
Total current liabilities		**187,184**	**3 59.58**	**182,574**	**3 83.15**
EQUITY					
Share capital and share premium	4	30,565	58.72	30,565	64.14
Foreign currency translation reserves	12	63,350	1 21.70	35,853	75.24
Retained earnings		686,672	13 19.10	195,377	4 10.02
Total equity		**780,586**	**14 99.51**	**261,795**	**5 49.41**
Total equity and liabilities		**967,770**	**18 59.09**	**444,369**	**9 32.56**

The financial statements on pages 5 to 23 were approved and authorised for issue by the board of directors on 23rd May 2021 and were signed on its behalf by:

Pravin Karve
Director

Shailesh Nadkarni
Director

The notes on pages 8 to 22 form an integral part of these financial statements.

Thermax Engineering Construction FZE
Annual report and financial statements
For the year ended 31 March 2021

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 new shares		30,565	58.72	-	-	-	-	30,565	58.72
Foreign currency translation reserves	12	-	-	35,853	68.87	-	-	35,853	68.87
Profit for the period		-	-	-	-	195,377	3 75.32	195,377	3 75.32
Balance at 31 March 2020		**30,565**	**58.72**	**35,853**	**68.87**	**195,377**	**3 75.32**	**261,795**	**5 02.91**
Balance at 1 April 2020		30,565	58.72	35,853	68.87	195,377	3 75.32	261,795	5 02.91
Foreign currency translation reserves	12	-	-	27,496	52.82	-	-	27,496	52.82
Profit for the period		-	-	-	-	491,295	9 43.78	491,295	9 43.78
Balance at 31 March 2021		**30,565**	**58.72**	**63,349**	**1 21.69**	**686,672**	**13 19.10**	**780,586**	**14 99.51**
Balance at 31 March 2021		**30,565**	**58.72**	**63,349**	**1 21.69**	**686,672**	**13 19.10**	**780,586**	**14 99.51**

The notes on pages 8 to 22 form an integral part of these financial statements.

Thermax Engineering Construction FZE
Annual report and financial statements
For the year ended 31 March 2021

Statement of Cash flows

	31 March 2021		31 March 2020	
	NGN'000	Rs. Lacs	NGN'000	Rs. Lacs
Cash flows from operating activities				
Profit on ordinary activities before taxation	491,295	9 43.78	195,377	4 10.02
	491,295	**9 43.78**	**195,377**	**4 10.02**
Changes in working capital :				
Increase in trade receivable	(319,607)	(6 13.97)	(173,594)	(3 64.31)
Increase in other current Assets	(43,910)	(84.35)	-	-
Increase in trade payable	23,474	45.09	88,409	1 85.54
Decrease/ (increase) in accruals, provisions and other Liabilities	(19,191)	(36.87)	123,389	2 58.95
Net Cash Outflow used in operating activities	**132,061**	**2 53.69**	**233,581**	**4 90.20**
Cash flows from Investing activities				
Issue share Capital	306	0.59	-	-
Net cash inflow from investing activities	**306**	**0.59**	**-**	**-**
Net increase in cash and cash equipment	132,367	2 54.28	233,581	4 90.20
Cash and cash equivalents at the beginning of the year	233,581	4 48.71	-	-
Cash and cash equipments at the end of the year	**365,948**	**7 02.99**	**233,581**	**4 90.20**

The notes on pages 8 to 22 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 LEKKI FZE 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 & incidental to perform these activities.

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 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 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.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendment to IAS 1 and IAS 8: Definition of Material

The IASB's 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.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

The IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

IFRS 16 - Leases Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which would be used in standard-setting decisions with immediate effect. The 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.

There will be no changes to any of the current accounting standards applied by the Enterprise. However, 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.

ii) New standards, amendments, interpretations issued but not yet effective

At the date of authorisation of this financial statement, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

IFRS 17 - Insurance Contracts; Issued: May 2018 (Effective 1 April 2023)

IFRS 17, "Insurance Contracts" In May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts. The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

Interest Rate Benchmark Reform Phase 2

(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) Issued: September 2020 (Effective 1 April 2021)

In September 2020, the IASB published Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39,IFRS 7, IFRS 4 and IFRS 16), finalizing its response to the ongoing reform of interest rate benchmarks around the world The amendments aim to assist reporting entities to provide investors with useful information about the effects of the reform on their financial statements.

Many interbank offer rates (IBORs) are expected to be replaced by new benchmark Risk-Free Rates (RFRs) in future reporting periods. This has resulted is the IASB needing to address potential financial reporting implications after the reform of an interest rate benchmark. The IASB has completed this project in two stages, the first one focusing on providing relief for hedging relationships which was finalised in September 2019 by publishing Interstate Benchmark Reform (Amendments to IFRS 9, IAS 39 nadirs 7).This second set of amendments focus on issues arising post replacement, i.e. when the existing interest rate benchmark is actually replaced with alternative benchmark rates.

Onerous Contracts - Cost of Fulfilling a Contract

(Amendments to IAS 37) Issued: 14 May 2020 (Effective 1 April 2022)

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a Enterprise should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) issued on 23 January 2021 (effectives 01 January 2022).

On 23 January 2021, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The amendments in Classification of Liabilities as Current or Non-Current [(Amendments to IAS 1) issued on 23 January 2021 (effectives 01 January 2022) (continued)]

The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period."
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

References to the Conceptual Framework

(Amendments to IFRS 3) Issued: 14 May 2020 (Effective 1 April 2022)

On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.

IAS 8 Amendments on Accounting Estimates

Issued: 12 February 2021(Effective 1 April 2023)

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 April 2023.

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 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 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 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

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 year.

(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 Enterprise's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements.

Impairment

The loss allowances for financial Assets are based on assumptions about expected loss rates. The Enterprise used judgement in making these assumptions a selecting the inputs to the impairment calculation based on its past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Enterprise incorporated the gross domestic product (GDP) growth rate a inflation rate in determining the expected loss rates.

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 2021	31 March 2020
	N'000	N'000
Trade and other receivables (Note 10)	**554,564**	210,788
Cash and cash equivalents (Note 9)	**365,948**	233,581
Financial assets bearing credit risk	**920,512**	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 2021	31 March 2020
	N'000	N'000
Neither past due nor impaired:	**516,993**	174,738
Trade receivables	**37,571**	36,050
Due from related parties	**554,564**	210,788

Impairment of financial assets

The Enterprise's financial assets that are subject to IFRS 9's new expected credit loss model are as follows:

- Trade receivables
- Amount due from related parties and;
- Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from customers for the sale of goods in the ordinary course of business. The expected credit loss for trade receivables is determined using a provision matrix approach.

The expected loss rates are as follows:

	Current (not past due)	Less than 12 months past due	More than 12 months past due	Total
	N'000	N'000	N'000	N'000
31 March 2021				
Gross carrying amount*	128,166	374,580	21,363	**524,109**
Default rate	0.1%	0.6%	22%	
Lifetime ECL	(169)	(2247)	(4700)	**(7,116)**
Net trade receivables	**127,997**	**372,333**	**16,663**	**516,993**
31 March 2020				
Gross carrying amount*	174,738	-	-	**174,738**
Default rate	0.0%	0%	0%	
Lifetime ECL	-	-	-	-
Net trade receivables	174,738	-	-	**174,738**

Trade receivables

	31 March 2021	31 March 2020
	N'000	N'000
Gross carrying amount as at 1 April	**174,738**	-
Opening balance exchange difference	**9,209**	
Additions during the year	**1,182,336**	304,800
Receipts for the year	**(842,174)**	(130,063)
Gross carrying amount as at 31 March	**524,109**	174,738

Amounts due from related parties

Trade receivables represent fee income due from related parties for the provision of services in the ordinary course of business. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

The Enterprises has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections), applying experienced judgement and historical default rates. Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforcable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The expected loss rates are as follows:

	Current (not past due)	Less than 12 months past due	More than 12 months past due	Total
	N'000	N'000	N'000	N'000
Gross carrying amount*	377,358	146,750	-	**524,109**
Default rate	0.0%	0.0%	2%	
Lifetime ECL				
Net trade receivables	377,358	146,750	-	**524,109**

	31 March 2021	31 March 2020
	N'000	N'000
Gross carrying amount as at 1 April	**36,050**	-
Opening balance exchange difference	**1,900**	-
Additions during the year	**-**	36,050
Receipts for the year	**(379.50)**	-
Gross carrying amount as at 31 March	**37,571**	36,050

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 Enterprise.

Cash and bank balance fall under neither past due nor impaired.

Fitch ratings of cash and bank balances are:

	31 March 2021	31 March 2020
	N'000	N'000
B+	**365,948**	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 2021

	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)	-	85,785	-	**85,785**
Trade payables	-	101,399	-	**101,399**
	-	187,185	-	**187,185**

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

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 year (2020: Nil).

(ii) Foreign exchange risk

The Enterprise is exposed to foreign exchange risk arising from commercial transactions. There are no balances exposed to exchange risk at the end of the year (2020: 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 no 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 2021	31 March 2020
	N'000	N'000
Impact on profit or loss:		
Decrease in US Dollars exchange rate against NGN +20%	**-**	-
Decrease in US Dollars exchange rate against NGN -20%	**-**	-

(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.

3.4 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.

3.5 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.

3.5 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 2021 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 2021 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 2021	31 March 2020
	N'000	N'000
Authorised and issued		
100,000 ordinary shares of $ 1 each using NGN305.65 exchange rate	**30,565**	30,565
Paid-up Capital:		
1000 ordinary shares of $ 1 each	**306**	-

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 N30,565,000 are currently allotted to Thermax Engineering Construction Co. Ltd using historical rate as the date the transaction was done of which N305,650 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.

	31 March 2021	31 March 2020
	N'000	N'000
Sale of Service	**768,352**	263,797
Sale from Operation	**344,085**	-
	1,112,437	263,797

6 Operating expenses

	31 March 2021	31 March 2020
	N'000	N'000
Travel expenses	**-**	54,096
Contracted manpower cost	**1,935**	11,797
Contracted employee cost	**45,806**	-
Audit fee	**7,028**	1,298
Professional fee	**10,672**	1,210
Secreterial fee	**665**	-
Tax fee	**625**	-
Miscellaneous expense	**131,333**	-
Loss allowance - Trade receivable	**7,116**	-
Rent	**5,052**	-
Operating license fees	**1,847**	-
Erection expenses	**403,254**	-
Bank charges	**5,989**	32
	621,322	68,432

7 Accruals, provisions and other liabilities

This represents accruals for professional services, audit fees and secretarial fees incurred during the year.

	31 March 2021	31 March 2020
	N'000	N'000
Advance Customer payment	**43,981**	103,541
Audit fee payable	**7,260**	1,500
Other expenses payable	**34,545**	1,398
	85,785	106,439

8 Trade payables

This represents payables incurred during the year.

	31 March 2021	31 March 2020
	N'000	N'000
Account payable	**59,602**	-
Thermax Engineering Construction Ltd	**41,797**	76,135
	101,399	76,135

9 Cash and cash equivalents

	31 March 2021	31 March 2020
	N'000	N'000
Cash and cash equivalents	**365,948**	233,581
Cash at bank	**365,948**	233,581

10 Trade and other receivables

	31 March 2021	31 March 2020
	N'000	N'000
Trade receivables	**524,109**	174,738
Due from related parties	**37,571**	36,050
Less : Impairment provision	**(7,116)**	-
	554,564	210,788

11 Other current assets

	31 March 2021	31 March 2020
	N'000	N'000
Contract In Progress - Domestic	**40,392**	-
Prepayment - Rent	**4,968**	-
Prepayment - Operating License Fees	**1,898**	
	47,258	-

12 Foreign currency translation reserves

	31 March 2021	31 March 2020
	N'000	N'000
	27,496	35,853

Translation rates	31 March 2021	31 March 2020
	N'000	N'000
Historical rate	**305.65**	305.65
Average rate	**369.35**	312.00
Closing rate	**379.50**	360.50

13 Employee information

The Enterprise did not have any employees during the year (2020: Nil).

14 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 year (2020: Nil).

b) Purchases from related parties

	Relationship	31 March 2021 N'000	31 March 2020 N'000
Thermax Engineering Construction Ltd	Related party	**41,797**	76,135

Services purchased from Thermax Engineering Construction Ltd are only contracted manpower cost, and contracted employee cost.

c) Receivables from related parties

	Relationship	31 March 2021 N'000	31 March 2020 N'000
Thermax Engineering Construction Ltd	Related party	**37,571**	36,050

Amounts due from Thermax Engineering Construction Ltd in respect of alloted share capital at the year end closing rates.

d) Payable to related parties

	Relationship	31 March 2021 N'000	31 March 2020 N'000
Thermax Engineering Construction Ltd	Related party	**41,797**	76,135

Amounts due from Thermax Engineering Construction Ltd in respect of contracted manpower cost, and contracted employee cost.

e) Key management compensation

Key management personnel of the Enterprise includes the directors. The Directors have waived their rights to receive any compensation from the Enterprise (2020: Nil).

15 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 (2020: Nil).

16 Commitments

The Enterprise had no capital commitments as at 31 March 2020 (2020: Nil).

17 Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd

There are no direct transactions between Thermax Engineering Construction FZE and Theramx Babcock & Wilcox Solutions Pvt. Ltd. All the costs are charged to Thermax Engineering Construction Company and Thermax Engineering Construction Company has charged to Thermax Engineering Construction FZE.

18 Impact of Coronavirus

The growing Coronavirus (Covid-19) pandemic presented a challenge, unprecedented in modern times, for businesses both locally and internationally. Although its effects are uneven across the economy, many sectors have been severely affected and none have been left untouched. Nigeria continues to address the increasing cases of Covid-19 and its implications on the economy. Severally measures were taken by the Nigerian authorities to curtail the spread of the virus including lockdowns in major cities, local and international travel restrictions, compulsory wearing of masks in public, physical distancing and limitations on public gatherings, among others.

There was no material impact of the virus on the Company in the year ended 31 March 2021. The Directors continue to set a clear direction and communicate this effectively to all staff and other stakeholders for business continuity.

19 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Statement of value added

	31 March 2021 N'000	%	31 March 2020 N'000	%
Revenue	1,112,437		263,797	
Other income	180		12	
Bought in materials and services	1,112,617		263,809	
Brought in materials and services:				
Imported	(145,262)		(32,579)	
Local	(448,564)		-	
Value added	**(518,791)**	**100%**	**231,230**	**100%**
Applied as follows:				
To provide for enhancement of assets and growth:				
Retained profit for the year	518,791	100%	231,230	100%
Value added	**518,791**	**100%**	**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.

Two-year financial summary

Statement of financial position

	31 March 2021 N'000	31 March 2020 N'000	31 March 2019 N'000
Current assets	**967,770**	444,369	30,565
Current liabilities	**(187,184)**	(182,574)	-
Net assets	**780,586**	261,795	30,565
Capital employed			
Share capital	**30,565**	30,565	30,565
Retained earnings	**750,021**	231,230	-
Total equity	**780,586**	261,795	30,565

Statement of profit or loss

	31 March 2021 N'000	31 March 2020 N'000	8 months ended 31 March 2019 N'000
Revenue	**1,112,437**	263,797	-
Profit for the year	**491,295**	195,377	-
Total comprehensive income	**518,791**	231,230	-

Thermax Engineering Construction FZE has only been in operation for 3 years and hence, a three-year financial summary has been presented.

DANSTOKER POLAND SP. ZO.O.

Management Board Member	*Registered Office*	*Auditors*
Rakesh Tripathi (Chairman of the Board) Peter Overgaard (Vice Chairman & CEO 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

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

Activities of the Company during the financial year ended 31st March 2021 stayed under the important influence of the market situation caused by the COVID-19 pandemia. Despite the verification of budgetary assumptions, the Company did not achieve the planned level of revenue and profitability. Due to the decrease in sales revenues, the Company requested and received a non-refundable state aid from the Guaranteed Employee Benefits Fund (FGŚP) to cover wage costs of PLN 625,633.51.

Activities of the Company continue to be financed by the loan from the sole shareholder Danstoker A/S. In order to reduce the currency exchange risk the loan currency was changed on September 30th 2020 from danish kron DKK to Polish zloty PLN.

II. Foreseen Company development

Danstoker Poland plan to become significant player in Poland and Eastern Europe remains valid. The company is in a process of creating awareness in the market and would leverage on Danstoker 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 the financial year the Company recorded operating loss of 2.506k PLN. Sales revenue was 24.315K PLN, including intercompany revenue of 14.024k PLN. Sales plan for the following year assumes sales increase and profit achievement.

Current financial situation (data in thousands of Polish złoty)

1. Balance = 34.176
2. Net Loss = 2.506
3. Achieved revenues: 26.653 comprises of:
   a) Net revenue from sales and equivalent: 24.766
   b) Other operating revenue: 1.765
   c) Financial revenues: 122
4. Costs:incurred 29.653 comprises of:
   a) Operating costs: 28.600
   b) Other operating cost: 864
   c) Financial cost: 189

V. Purchase of own shares

The company has not purchased own share during financial year.

VI. Information on 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 for trading activity with Group companies in Polish currency. Foreign currency transactions will be secured with forward transactions upon achieving important level.

Material purchase price risk. The company is subject to negative material price changes. The company reserves prices on various materials and produces on materials provided by customers.

Interest rate risk. The company does not finance its operations with outside lenders thus is not subject to interest rate risk.

Risk of financial liquidity loss. The company is subject to loss of liquidity risk. The company uses bank guarantees and prepayments from customers to avoid insolvency of the Buyer and at the same time finances captive orders.

VIII. Financial indicators

	31.03.2021	31.03.2020
ROA %	-7,37	-18,73
ROE %	-49,58	-859,47
Net sales profitability %	-10,30	-29,12
Current ratio	1,15	1,13
Quick ratio	0,57	0,46
Receivable days	34,87	28,53
Equity to fixed assets ratio %	15,61	24,92

IX. Non-financial indicators

Employee turnover = 24%

Number of accidents at work = 0.

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Rakesh Tripathi
Chairman of The Board

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Peter Overgaard
Vice-Chairman of the Board

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Sanjay Reddy
Member of The Board

May 19th 2021

Independent Auditor's Report

To the Shareholders of Danstoker Poland sp. z o.o.

REPORT ON THE AUDIT OF THE YEAR-END FINANCIAL STATEMENTS

Opinion

We have audited the year-end financial statements of Danstoker Poland sp. z o.o. ("the Company"), comprising the balance sheet as at 31 March 2021, the profit and loss account, the statement of changes in equity and the statement of cash flows for the year then ended, as well as additional information and explanations ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 March 2021, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable provisions of the Accounting Act of 29 September 1994 ("the Accounting Act" – 2021 Journal of Laws, item 217) and the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Articles of Association;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing adopted by the National Council of Certified Auditors as National Standards on Auditing ("NSA") and in compliance with the Act on Certified Auditors, Audit Firms and on Public Supervision ("the Certified Auditors Act" – 2020 Journal of Laws, item 1415). Our responsibilities under those standards are further described in the Responsibilities of the Auditor for the Audit of the Financial Statements section of this report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by resolution of the National Council of Certified Auditors, as well as with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Management for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of the financial statements that give a true and fair view of the Company's financial position and financial result in accordance with the provisions of the Accounting Act, the adopted accounting methods (policies), the applicable binding regulations and the Company's Articles of Association. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor 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 misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement.

Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

Throughout an audit in accordance with NSA, we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such 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 the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Other Information, Including Report on Activities

Other information comprises the report on the Company's activities for the financial year ended 31 March 2021 ("the Report on Activities").

Responsibilities of the Company's Management

The Company's Management is responsible for the preparation of the Report on Activities in accordance binding regulations. The Company's Management is required to ensure that the Report on Activities meets the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the financial statements does not cover the Report on Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on Activities and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of the Report on Activities, we are required to state this fact on our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act;
- is consistent with the information presented in the financial statements.

Furthermore, based on our knowledge obtained during the audit about the Company and its environment, we have identified no material misstatements in the Report on Activities.

The auditor in charge of the audit resulting in this independent auditor's report is Krzysztof Maksymik.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw entered on the list of audit firms in number 3355 **represented by the auditor in charge**

Signed on the Polish original with an e-signature

Krzysztof Maksymik

Certified Auditor Register No 11380

Warszawa, 11 June 2021

DANSTOKER POLAND SP. ZO.O.

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 2021, consisting of:

- the balance sheet prepared as at March 31st 2021,
- the profit and loss account for the period April 1st 2020 to March 31st 2021,
- the statement of cash flows for the period April 1st 2020 to March 31st 2021, the statement of changes in shareholders' equity for the period April 1st 2020 to March 31st 2021,
- additional information, consisting of introduction and notes to 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

Peter Overgaard
Vice chairman of the Board

Sanjay Reddy
Member of the Board

Additional Information

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 2020 to March 31st 2021.

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 from the balance sheet date with no reduction of scope. Until Covid-19 there were no known threats to the Company's going concern. The COVID-19 pandemic caused temporary discontinuities in the supply chain and commodity prices increase, production levels decreased even in comparison to reduced budgetary assumptions caused by the pandemic. Due to the decrease in sales revenues, the Company has requested and received non-refundable state aid from the FGŚP (Guaranteed Employee Benefits Fund) to cover wage costs for the period December 2020 to February 2021. During the financial year, the currency of the loan from the sole Shareholder was changed from Danish kroon to Polish zloty, which will allow to reduce the exchange rate risk.

The company has been assured by its owner on further supporting the business. With that there are no othe threats to pursue the operations.

The Company is presenting additional information to the balance sheet in accordance with Appendix No. 1 to the Accounting Act.

3. **Comparability of data**

The present financial statements contain financial data for the financial year ended on March 31st 2021 as well as comparative financial data for the financial year ended on March 31st 2020.

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, May 17th 2021

Management Board

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Rakesh Tripathi
Chairman of The Board

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Peter Overgaard
Vice-Chairman of the Board

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Sanjay Reddy
Member of The Board

DANSTOKER POLAND SP. ZO.O.

BALANCE SHEET as at 31.03.2021

ASSETS	Note No	31 Mar 2021		31 Mar 2020	
		PLN	Rs Lacs	PLN	Rs Lacs
A. NON-CURRENT ASSETS		**24,344,328**	**45 11.00**	25,305,556	46 26.56
I. Intangible fixed assets		**-**	**-**	1,026	0.19
1. Costs of completed research and development	46	**-**	**-**	-	-
2. Goodwill	46	**-**	**-**	-	-
3. Other intangible fixed assets	46	**-**	**-**	1,026	0.19
II. Tangible fixed assets		**23,157,688**	**42 91.12**	24,507,978	44 80.74
1. Fixed assets		**23,157,688**	**42 91.12**	24,507,978	44 80.74
a) land (of which in perpetual usufruct)	32	**1,568,582**	**2 90.66**	1,568,582	2 86.78
b) buildings and constructions	32	**18,524,733**	**34 32.63**	19,113,325	34 94.45
c) plant and equipment	32	**2,807,853**	**5 20.30**	3,457,564	6 32.14
d) vehicles	32	**139,624**	**25.87**	187,286	34.24
e) other fixed assets	32	**116,897**	**21.66**	181,222	33.13
III. Long-term receivables		**-**	**-**	-	-
IV. Long-term investments		**-**	**-**	-	-
V. Long-term prepayments		**1,186,640**	**2 19.88**	796,552	1 45.63
1. Deferred income tax assets	31	**1,186,640**	**2 19.88**	796,552	1 45.63
B. CURRENT ASSETS		**9,831,954**	**18 21.86**	8,491,868	15 52.55
I. Inventory		**5,006,915**	**9 27.78**	5,025,748	9 18.85
1. Raw materials	34	**2,588,564**	**4 79.66**	2,930,031	5 35.69
2. Semi-finished products and work in progress	34	**1,914,291**	**3 54.72**	1,420,445	2 59.70
3. Finished products	34	**480,687**	**89.07**	544,514	99.55
4. Goods for resale	34	**4,924**	**0.91**	-	-
5. Advances for supplies and services	34	**18,449**	**3.42**	130,758	23.91
II. Short-term receivables		**3,709,158**	**6 87.31**	2,003,826	3 66.36
1. Receivables from related parties		**1,327,735**	**2 46.03**	650,036	1 18.84
a) trade receivables, with due dates:		**1,327,735**	**2 46.03**	650,036	1 18.84
– within 12 months	6	**1,327,735**	**2 46.03**	650,036	1 18.84
2. Receivables from other parties in which the company has invested capital		**-**	**-**	-	-
3. Receivables from other parties		**2,381,423**	**4 41.28**	1,353,790	2 47.51
a) trade receivables, with due dates:		**1,830,593**	**3 39.21**	837,251	1 53.07
– within 12 months	6	**1,830,593**	**3 39.21**	837,251	1 53.07
b) tax, subsidy, customs, social and health insurance and other public receivables	6	**535,428**	**99.21**	458,378	83.80
c) other	6	**15,402**	**2.85**	352	0.06
d) receivables in court	6	**-**	**-**	57,810	10.57
III. Short-term investments		**1,043,885**	**1 93.43**	1,388,676	2 53.89
1. Short-term financial assets		**1,043,885**	**1 93.43**	1,388,676	2 53.89
c) cash and other cash assets		**1,043,885**	**1 93.43**	1,388,676	2 53.89
– cash in hand and at bank	1	**1,043,885**	**1 93.43**	1,388,676	2 53.89
IV. Short-term prepayments	31	**71,997**	**13.34**	73,617	13.46
TOTAL ASSETS		**34,176,282**	**63 32.87**	33,797,423	61 79.11

LIABILITIES AND EQUITY			Note No	31 Mar 2021		31 Mar 2020	
				PLN	Rs Lacs	PLN	Rs Lacs
A.	EQUITY			**3,800,503**	**7 04.23**	6,306,097	11 52.93
	I.	**Share capital**	19	**450,000**	**83.39**	450,000	82.27
	II.	**Reserve capital, of which:**	20	**17,055,000**	**31 60.29**	17,055,000	31 18.13
		– share premium	20	**17,055,000**	**31 60.29**	17,055,000	31 18.13
	III.	**Revaluation reserve, of which:**	21	**-**	**-**	-	-
	IV.	**Other reserves, of which:**	22	**-**	**-**	-	-
	V.	**Accumulated profit (loss) from previous years**	23	**(11,198,903)**	**(20 75.16)**	(5,190,329)	(9 48.94)
	VI.	**Net profit (loss) for the year**	24	**(2,505,595)**	**(4 64.29)**	(6,008,573)	(10 98.54)
B.	LIABILITIES AND COST PROVISIONS			**30,375,780**	**56 28.63**	27,491,326	50 26.18
	I.	**Cost provisions**	24	**2,911,908**	**5 39.58**	3,157,013	5 77.19
		1. Provision for deferred income tax	84	**2,656,414**	**4 92.23**	2,760,732	5 04.74
		2. Provision for retirement and similar benefits		**-**	**-**	-	-
		3. Other provisions		**255,494**	**47.34**	396,282	72.45
		– short-term	84	**255,494**	**47.34**	396,282	72.45
	II.	**Long-term liabilities**	29	**9,422,572**	**17 46.00**	6,848,294	12 52.06
		1. To related parties	28	**9,422,572**	**17 46.00**	6,848,294	12 52.06
		2. To other parties in which the company has invested capital	28	**-**	**-**	-	-
		3. To other parties		**-**	**-**	-	-
	III.	**Short-term liabilities**		**8,516,939**	**15 78.19**	7,541,279	13 78.76
		1. Liabilities to related parties	29	**3,039,705**	**5 63.26**	2,695,232	4 92.76
		a) trade payables with due dates:		**3,039,705**	**5 63.26**	2,695,232	4 92.76
		– within 12 months	28	**3,039,705**	**5 63.26**	2,695,232	4 92.76
		2. Liabilities to other parties in which the company has invested capital	29	**-**	**-**	-	-
		3. Liabilities to other parties	29	**5,419,710**	**10 04.27**	4,816,183	8 80.53
		a) credits and loans	28	**-**	**-**	-	-
		b) debt securities	28	**-**	**-**	-	-
		c) other financial liabilities	28	**-**	**-**	-	-
		d) trade payables with due dates		**2,326,115**	**4 31.03**	2,429,954	4 44.26
		– within 12 months	28	**2,326,115**	**4 31.03**	2,429,954	4 44.26
		e) advances received for supplies and services	28	**2,166,278**	**4 01.41**	1,250,440	2 28.62
		f) promissory notes	28	**-**	**-**	-	-
		g) tax, customs, social and health insurance and other public payables	28	**496,203**	**91.95**	622,243	1 13.76
		h) payroll	28	**430,666**	**79.80**	512,721	93.74
		i) other	28	**448**	**0.08**	826	0.15
		4. Special funds	70	**57,524**	**10.66**	29,865	5.46
	IV.	**Accruals**	27	**9,524,360**	**17 64.86**	9,944,739	18 18.18
		1. Negative goodwill	85	**9,510,024**	**17 62.21**	9,928,047	18 15.12
		2. Accrued construction contracts	85	**-**	**-**	-	-
		3. Other accruals		**14,335**	**2.66**	16,692	3.05
		– short-term	85	**14,335**	**2.66**	16,692	3.05
TOTAL LIABILITIES AND EQUITY				**34,176,282**	**63 32.87**	33,797,423	61 79.11

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Profit and Loss Account [by nature] for 01.04.2020 - 31.03.2021

		Note No	01.04.2020 - 31.03.2021		01.01.2019 - 31.03.2020	
			PLN	Rs Lacs	PLN	Rs Lacs
A.	**Net revenue from sales and sales equivalent, of which:**		**24,766,188**	**45 89.17**	22,248,111	40 67.58
	– from related parties		**14,023,970**	**25 98.64**	9,306,216	17 01.44
	I. Net revenue from the sale of finished products	25	**23,282,404**	**43 14.23**	20,238,550	37 00.17
	II. Change in finished products (increase – positive value, decrease – negative value)		**473,111**	**87.67**	1,616,680	2 95.57
	III. Cost of producing goods for the entity's own needs	26	**(21,546)**	**(3.99)**	-	-
	IV. Net revenue from the sale of goods for resale and raw materials	25	**1,032,219**	**1 91.27**	392,881	71.83
B.	**Operating costs**		**28,599,509**	**52 99.49**	27,988,862	51 17.15
	I. Depreciation	26	**1,365,290**	**2 52.99**	1,347,033	2 46.28
	II. Use of materials and energy	26	**9,946,356**	**18 43.06**	9,764,855	17 85.29
	III. Third party services	26	**5,881,172**	**10 89.78**	6,834,997	12 49.63
	IV. Taxes and charges, of which:	26	**316,747**	**58.69**	322,573	58.98
	V. Wages and salaries	26	**7,991,580**	**14 80.84**	7,424,009	13 57.32
	VI. Social insurance and other employee benefits, of which:	26	**1,866,116**	**3 45.79**	1,732,821	3 16.81
	– retirement	26	**709,516**	**1 31.47**	659,685	1 20.61
	VII. Other costs by nature	26	**95,373**	**17.67**	275,044	50.29
	VIII.Cost of goods for resale and raw materials sold	49	**1,136,875**	**2 10.66**	287,530	52.57
C.	**Sales profit (loss) (A-B)**		**(3,833,321)**	**(7 10.31)**	(5,740,751)	(10 49.57)
D.	**Other operating revenue**		**1,764,922**	**3 27.04**	1,279,605	2 33.95
	I. Profit on the sale of non-financial fixed assets	27	-	-	-	-
	II. Subsidies	27	**625,634**	**1 15.93**	-	-
	III. Revaluation of non-financial assets	27	-	-	-	-
	IV. Other operating revenue	27	**1,139,289**	**2 11.11**	1,279,605	2 33.95
E.	**Other operating costs**		**864,459**	**1 60.18**	1,052,552	1 92.44
	I. Loss on the sale of non-financial fixed assets		-	-	4,994	0.91
	II. Revaluation of non-financial assets	28	**171,303**	**31.74**	-	-
	III. Other operating costs	28	**693,156**	**1 28.44**	1,047,558	1 91.52
F.	**Operating profit (loss) (C+D-E)**		**(2,932,858)**	**(5 43.46)**	(5,513,697)	(10 08.06)
G.	**Financial revenue**		**121,782**	**22.57**	66,524	12.16
	I. Dividends and shares in profits, of which:		-	-	-	-
	II. Interest, of which:		-	-	15	0.00
	III. Profit on the sale of financial assets, of which:	29	-	-	-	-
	IV. Revaluation of non-financial assets		-	-	-	-
	V. Other	29	**121,782**	**22.57**	66,509	12.16
H.	**Financial costs**		**188,925**	**35.01**	432,089	79.00
	I. Interest, of which	30	**60,192**	**11.15**	2,215	0.40
	– to related parties	30	**56,341**	**10.44**	-	-
	II. Loss on the sale of financial assets, of which:		-	-	-	-
	III. Revaluation of financial assets		-	-	-	-
	IV. Other	30	**128,733**	**23.85**	429,874	78.59
I.	**Gross profit (loss) (F+G-H)**		**(3,000,001)**	**(5 55.90)**	(5,879,262)	(10 74.89)
J.	**Income tax**	10	**(494,406)**	**(91.61)**	129,311	23.64
L.	**Net profit (loss) (I-J-K)**		**(2,505,595)**	**(4 64.29)**	(6,008,573)	(10 98.54)

Statement of cash flows (PLN) (indirect method)

		Note No	01.04.2020 - 31.03.2021		01.01.2019 - 31.03.2020	
			PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
A.	**Cash flows from operating activities**					
	I. Net profit (loss)		**(2,505,595)**	**(4 64.29)**	(6,008,573)	(10 98.54)
	II. Total adjustments		**(400,404)**	**(74.19)**	3,142,393	5 74.52
	1. Depreciation	26	**1,365,290**	**2 52.99**	1,347,033	2 46.28
	2. Foreign exchange gains (losses)		**(3,969)**	**(0.74)**	343,307	62.77
	3. Interest and shares in profits (dividends)	18	**-**	**-**	-	-
	4. Profit (loss) on investing activities		**-**	**-**	(4,994)	(0.91)
	5. Changes in provisions	18	**(245,105)**	**(45.42)**	504,506	92.24
	6. Changes in inventory	18	**18,833**	**3.49**	(3,306,481)	(6 04.52)
	7. Changes in receivables	18	**(1,705,331)**	**(3 16.00)**	(100,644)	(18.40)
	8. Changes in short-term liabilities, excluding credits and loans	18	**975,660**	**1 80.79**	4,978,571	9 10.22
	9. Changes in prepayments and accruals	18	**(808,847)**	**(1 49.88)**	(346,390)	(63.33)
	10. Other adjustments	18	**3,065**	**0.57**	(272,515)	(49.82)
	III. Net cash flows from operating activities (I+II)		**(2,905,999)**	**(5 38.48)**	(2,866,181)	(5 24.02)
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		**13,071**	**2.42**	281,410	51.45
	1. Acquisition of intangible and tangible fixed assets		**13,071**	**2.42**	281,410	51.45
	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)		**(13,071)**	**(2.42)**	(281,410)	(51.45)
C.	**Cash flows from financing activities**			**-**		-
	I. Income		**2,574,278**	**4 77.01**	4,302,367	7 86.59
	1. Net income from the issue of shares and other capital instruments as well as contributions to capital		**-**	**-**	-	-
	2. Credits and loans		**2,574,278**	**4 77.01**	4,302,367	7 86.59
	3. Debt securities		**-**	**-**	-	-
	4. Other financial income		**-**	**-**	-	-
	II. Expenses		**-**	**-**	-	-
	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		**-**	**-**	-	-
	5. Buyback of debt securities		**-**	**-**	-	-
	6. Financial liabilities		**-**	**-**	-	-
	7. Payment of finance lease payables		**-**	**-**	-	-
	8. Interest		**-**	**-**	-	-
	9. Other financial expenses		**-**	**-**	-	-
	III. Net cash flows from financing activities (I-II)		**2,574,278**	**4 77.01**	4,302,367	7 86.59
D.	**Total net cash flows (A.III.+B.III+C.III)**		**(344,792)**	**(63.89)**	1,154,776	2 11.13
E.	**Net change in cash balances, of which:**		**(344,792)**	**(63.89)**	1,154,776	2 11.13
	– change in cash balances relating to foreign exchange differences		**(2,244)**	**(0.42)**	-	-
F.	**Cash at beginning of period**		**1,388,676**	**2 57.32**	233,900	42.76
G.	**Cash at end of period (F+D), of which:**		**1,043,885**	**1 93.43**	1,388,676	2 53.89
	– restricted cash		**19,568**	**3.63**	82,279	15.04

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Statement of changes in shareholders equity

	Note No	01.04.2020 - 31.03.2021		01.04.2019- 31.03.2020	
		PLN	**Rs Lacs**	**PLN**	**Rs Lacs**
I. Equity at beginning of period (Opening Balance)		**6,306,097**	**11 68.52**	(4,907,887)	(8 97.30)
– changes in accounting policies		**-**	**-**	-	-
– adjustment of errors		**-**	**-**	-	-
I.a. Adjusted equity at beginning of period (OB)		**6,306,097**	**11 68.52**	(4,907,887)	(8 97.30)
1. Share capital at beginning of period		**450,000**	**83.39**	5,000	0.91
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
1.2. Share capital at end of period		**450,000**	**83.39**	450,000	82.27
2.1. Changes in reserve capital		**17,055,000**	**31 60.29**	17,055,000	31 18.13
a) increases relating to		**17,055,000**	**31 60.29**	17,055,000	31 18.13
– share premium		**17,055,000**	**31 60.29**	17,055,000	31 18.13
2.2. Reserve capital at end of period		**17,055,000**	**31 60.29**	17,055,000	31 18.13
5. Accumulated profit (loss) from previous years at beginning of period		**(5,190,329)**	**(9 61.77)**	(4,912,887)	(8 98.21)
5.4. Accumulated loss from previous years at beginning of period		**5,190,329**	**9 61.77**	4,912,887	8 98.21
– adjustment of errors		**-**	**-**	277,442	50.72
5.5. Adjusted accumulated loss from previous years		**5,190,329**	**9 61.77**	5,190,329	9 48.94
a) increases relating to		**6,008,573**	**11 13.39**	-	-
5.6. Accumulated loss from previous years at end of period		**11,198,903**	**20 75.16**	5,190,329	9 48.94
5.7. Accumulated profit (loss) from previous years at end of period		**(11,198,903)**	**(20 75.16)**	(5,190,329)	(9 48.94)
6. Net profit/loss		**(2,505,595)**	**(4 64.29)**	(6,008,573)	(10 98.54)
a) net profit		**-**	**-**	-	-
b) net loss		**2,505,595**	**4 64.29**	6,008,573	10 98.54
II. Equity at end of period (Closing Balance)		**3,800,503**	**7 04.23**	6,306,097	11 52.93
III. Equity after proposed distribution of profit (coverage of loss)		**-**	**-**	-	-

Note 1

Cash and other cash assets

	31.03.2021	31.03.2020
1. Cash in hand	443.46	419.76
2. Cash at bank - split payment VAT account	19,567.67	82,279.28
3. Cash at bank	1,023,873.49	1,305,977.10
4. Other cash	-	-
5. Other cash assets	-	-
Total	**1,043,884.62**	**1,388,676.14**

Note 2

Cash and other cash assets (currency structure)

Investment type	Amount in PLN	Amount in EUR	Translated from EUR to PLN	Amount in DKK	Translated from DKK to PLN	Total cash and other cash assets in PLN
Cash in hand and at bank	442,204.57	129,095.37	601,623.15	90.80	56.90	1,043,884.62
Other cash	-	-	-	-	-	-
Other cash assets	-	-	-	-	-	-
Total	**442,204.57**	**129,095.37**	**601,623.15**	**90.80**	**56.90**	**1,043,884.62**

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	Registration date	How covered	Right to dividend (starting date)	Number of shares	Number of votes	Share issue price	Nominal value of shares (in PLN)	% of share capital*
1. Share capital - Danstoker AS		28/03/2017	fully paid		100.00	100.00	50.00	5,000.00	100%
of which preferred					-	-	-	-	-
1. Share capital - Danstoker AS		06/03/2020	fully paid		8,900.00	-	50.00	445,000.00	-
of which preferred					-	-	-	-	-
Total					**9,000.00**	**100.00**		**450,000.00**	**100%**

Note 4

Proposed distribution of profit or coverage of loss for the year

	31.03.2021	31.03.2020
NET PROFIT/LOSS	**-2,505,594.77**	**-6,008,573.37**
Reserve capital (+/-)	-	-
Other reserves (+/-)	-	-
Company Employee Social Benefits Fund	-	-
Shareholder dividends (interest on capital)	-	-
Bonuses from profit	-	-
Social causes	-	-
Reduction in share capital	-	-
Shareholder contributions (if provided for in the articles of association)	-	-
Coverage of losses from previous years	-	-
Coverage of losses from future profits	**-2,505,594.77**	-6,008,573.37

* Actual distribution of profit (coverage of loss) for the previous year.

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Note 5
Long-term liabilities – ageing

	1. To related parties	2. To related parties in which the company has invested capital	3. To other parties, of which:						Total
			" Total (a-e) "	a) credits and loans	b) debt securities	c) other financial liabilities	d) promissory notes	e) other (please specify)	
Repayment period									
up to 1 year									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
from 1 to 3 years									
beginning of period	6,848,293.89	-	-	-	-	-	-	-	6,848,293.89
end of period	9,422,572.34	-	-	-	-	-	-	-	9,422,572.34
from 3 to 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
more than 5 years									
beginning of period	-	-	-	-	-	-	-	-	-
end of period	-	-	-	-	-	-	-	-	-
Total									
beginning of period	6,848,293.89	-	-	-	-	-	-	-	6,848,293.89
end of period	9,422,572.34	-	-	-	-	-	-	-	9,422,572.34

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	**1,327,734.84**	**-**	**650,035.95**	**-**
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	1,327,734.84	-	650,035.95	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	1,327,734.84	-	650,035.95	-
– within 12 months	1,327,734.84	-	650,035.95	-
– in more than 12 months	-	-	-	-
– other receivables	-	-	-	-
2. Receivables from other parties in which the company has invested capital	**-**	**-**	**-**	**-**
a) long-term	-	-	-	-
b) short-term	-	-	-	-
– other receivables	-	-	-	-
3. Receivables from other parties	**2,739,688.53**	**358,265.65**	**1,353,790.29**	**-**
a) long-term	-	-	-	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– other receivables	-	-	-	-
b) short-term	2,739,688.53	358,265.65	1,353,790.29	-
– credits and loans	-	-	-	-
– security deposits	-	-	-	-
– debt securities	-	-	-	-
– trade receivables with due dates:	2,188,858.91	358,265.65	837,250.76	-
– within 12 months	2,188,858.91	358,265.65	837,250.76	-
– in more than 12 months	-	-	-	-
– tax, subsidy, customs, social and health insurance and other public receivables	535,427.62	-	458,377.53	-
– other receivables	15,402.00	-	352.00	-
– receivables in court	-	-	57,810.00	-

Note7

Breakdown of balance sheet liabilities

Item	Amount in the financial year	Amount in previous year
1. Liabilities to related parties	**12,462,277.38**	**9,543,525.59**
a) long-term	9,422,572.34	6,848,293.89
– credits and loans	9,422,572.34	6,848,293.89
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– other	-	-
b) short-term	3,039,705.04	2,695,231.70
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– trade payables with due dates	3,039,705.04	2,695,231.70
– within 12 months	3,039,705.04	2,695,231.70
– in more than 12 months	-	-
– other	-	-
2. Liabilities to other parties in which the company has invested capital	**-**	**-**
a) long-term	-	-
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– other	-	-
b) short-term	-	-
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– trade payables with due dates	-	-
– within 12 months	-	-
– in more than 12 months	-	-
– other	-	-
3. Liabilities to other parties	**5,419,710.48**	**4,816,182.77**
a) long-term	-	-
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	-	-
– promissory notes	-	-
– other	-	-
b) short-term	5,419,710.48	4,816,182.77
– credits and loans	-	-
– debt securities	-	-
– other financial liabilities	-	-
– trade payables with due dates	2,326,115.47	2,429,953.98
– within 12 months	2,326,115.47	2,429,953.98
– in more than 12 months	-	-
– advances received for deliveries	2,166,277.64	1,250,439.82
– promissory notes	-	-
– tax, subsidy, customs, social and health insurance and other public payables	496,203.48	622,242.58
– payroll	430,666.02	512,720.67
– other	447.87	825.72

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.
Leasing agreement 68513 Prime Car Management S.A. (company car)			-	22,779.92	
umowa cesji praw o przejęcie długu do umowy leasingu 60884 Prime Car Management S.A. (company car)			-	13,349.90	
Leasing agreement 89805 Prime Car Management S.A. (company car)			35,617.05	55,969.65	
Leasing agreement 91154 Prime Car Management S.A. (company car)			47,175.76	71,789.20	
Leasing agreement 91155 Prime Car Management S.A. (company car)			47,175.76	71,789.20	
Leasing agreement 91156 Prime Car Management S.A. (company car)			47,175.76	71,789.20	
Total			**177,144.33**	**307,467.07**	

Note 9

Provisions for doubtful debts

Type of receivable	Changes in provisions during the financial year				
	Opening balance	Increases	Use	Releases	Closing balance
Trade receivables - WEISS A/S	188,265.65	-	-	-	188,265.65
Trade receivables - KM sp. z o.o.	-	40,000.00	-	-	40,000.00
Trade receivables - Behrendt	-	130,000.00	-	-	130,000.00
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Note 10

Settlement of main items differentiating income tax base from gross financial result (profit, loss)

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Gross PROFIT/LOSS	**-3,000,000.54**	**-5,879,262.30**
Non-tax deductible costs	**1,523,205.06**	**2,000,030.04**
– provision for doubtful debts	170,000.00	-
– revaluation of inventory	-	-
– cost provision	-	-
– unpaid wages and salaries	6,282.57	2,103.70
– unpaid ZUS premiums	222,617.40	267,514.55
– foreign exchange difference	-339,375.75	290,194.32
– penalty interest to state budget	-	837.60
– vehicle usage costs	-	90.58
– interest payable	56,341.38	-
– PFRON premiums	-	-
– provision for unused holidays	-27,216.88	-20,378.27
– contractual penalties and damage compensation	-	-
– donations	-	-
– write-off exchange gains from balance shet valuation	-	20,114.67
– membership fees	-	-
– representation	2,485.99	9,097.78
– other non-tax costs	66,780.76	83,422.60
– ex rate differences related to VAT	-	-
– balance sheet depreciation	1,365,289.59	1,347,032.51
– court fees	-	-
– withholding tax	-	-

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Non-accounting taxable costs	**994,618.16**	**957,554.78**
– interest paid	-	-
– reversal of tax correction (30 days)	-	-
– tax depreciation	727,103.61	705,020.28
– leasing fees	-	-
– paid previous year social insurance	267,514.55	216,534.50
– audit cost	-	36,000.00
Non-taxable accounting revenue	**482,164.11**	**620,906.72**
– foreign exchange losses from balance sheet valuation	61,784.55	64,965.91
– excess of revenue accrued over revenue invoiced	-	-
– release of provision for doubtful debts	-	-
– unrealized foreign exchange differences	-	-
– loan write-off	2,356.56	2,356.56
– write-off exchange losses from balance shet valuation	-	135,561.25
– accrued interest	-	-
– badwill write-off	418,023.00	418,023.00
– exchange differences related to VAT	-	-
Non-accounting taxable revenue	**-**	**470,205.88**
– loan interests for previous years	-	277,441.60
– loan interests for 2019	-	192,764.28
Income deductions	**-**	**-**
– donations	-	-
– 50% of loss for the year	-	-
Tax base	**-2,953,578.00**	**-4,987,488.00**
Current income tax, of which:	**-**	**-**
– income tax on discontinued operations	-	-
Tax deducted by payer from paid out dividend	**-**	**-**
Change in deferred income tax assets	390,088.11	-75,689.37
Change in provisions for deferred income tax	-104,317.66	53,621.70
Tax liability listed in the profit and loss account	**-494,405.77**	**129,311.07**

Note 11

Change in deferred income tax assets

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
1. Deferred income tax assets at beginning of period, of which:	**796,551.89**	**872,241.26**
a) charged to financial result at net amount	796,551.89	872,241.26
– gross amount	796,551.89	872,241.26
– revaluation	-	-
b) charged to equity	-	-
c) charged to goodwill or negative goodwill	-	-
2. Increases	**1,186,640.00**	**796,551.89**
a) charged to financial result for the period in connection with negative temporary differences	155,846.00	83,410.27
– receivables write down	68,070.00	-
– provision for unused annual leave	33,296.00	12,002.66
– unrealized exchange differences	284.00	44,697.25
– unpaid remuneration	1,194.00	5,124.36
– unpaid interests	10,705.00	-
– unpaid social insurance	42,297.00	21,586.00
– revaluation of deferred income tax assets	-	-
b) charged to financial result for the period in connection with tax loss (relating to)	1,030,794.00	713,141.62
– loss 2020	561,180.00	-
– loss 2019	-	396,189.79
– previous years losses	469,614.00	316,951.83
– revaluation of deferred income tax assets	-	-
c) charged to equity in connection with negative temporary differences	-	-
– revaluation of deferred income tax assets	-	-
d) charged to equity in connection with tax loss (relating to)	-	-
– revaluation of deferred income tax assets	-	-
e) charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	-	-
– revaluation of deferred income tax assets	-	-

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
3.	**Decreases**	**796,551.89**	**872,241.26**
	a) charged to financial result for the period in connection with negative temporary differences (relating to)	83,410.27	85,717.95
	– unpaid social insurance	21,586.00	11,899.79
	– provision for unused annual leave	12,002.66	15,874.53
	– unrealized exchange differences	44,697.25	53,218.98
	– unpaid remuneration	5,124.36	4,724.65
	– revaluation of deferred income tax assets	-	-
	b) charged to financial result for the period in connection with tax loss (relating to)	713,141.62	786,523.31
	– loss 2017	-	59,060.11
	– losses 2018/2019	396,189.79	727,463.20
	– previous years losses	316,951.83	-
	– revaluation of deferred income tax assets	-	-
	c) charged to equity in connection with negative temporary differences (relating to)	-	-
	– revaluation of deferred income tax assets	-	-
	d) charged to equity in connection with tax loss (relating to)	-	-
	– revaluation of deferred income tax assets	-	-
	e) charged to goodwill or negative goodwill in connection with negative temporary differences (relating to)	-	-
	– revaluation of deferred income tax assets	-	-
4.	**Total deferred income tax assets at end of period, of which:**	**1,186,640.00**	**796,551.89**
	a) charged to financial result	1,186,640.00	796,551.89
	– gross amount	1,186,640.00	796,551.89
	– revaluation	-	-
	b) charged to equity	-	-
	c) charged to goodwill or negative goodwill	-	-
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.**	**-**	**-**
6.	**Reasons for which the company has not revalued its deferred income tax assets**	**-**	**-**
7.	**Total amount of temporary differences relating to investments, for which no provisions for deferred income tax have been formed, of which:**	**-**	**-**
	– in subordinated entities	-	-
	– in branches	-	-
	– in joint ventures	-	-

Note 12

Change in provision for deferred income tax

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
1.	**Provision for deferred income tax at beginning of period, of which:**	**2,760,731.66**	**2,429,667.96**
	a) charged to financial result	15,295.27	-38,326.43
	b) charged to equity	277,442.00	-
	c) charged to goodwill or negative goodwill	2,467,994.39	2,467,994.39
2.	**Increases**	**16,766.00**	**453,440.00**
	a) charged to financial result for the period due to positive temporary differences (relating to)	16,766.00	175,998.00
	– accrued interest from Group loan in 2020	-	175,998.00
	– ex rate differences	16,766.00	-
	b) charged to equity due to positive temporary differences (relating to)	-	277,442.00
	– accrued interest from Group loan in previous years	-	277,442.00
	c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	-	-
3.	**Decreases**	**121,083.66**	**122,376.30**
	a) charged to financial result for the period due to positive temporary differences (relating to)	121,083.66	122,376.30
	– difference in fixed asstes valuation for tax and balance sheet purpose	121,083.66	122,376.30
	b) charged to equity due to positive temporary differences (relating to)	-	-
	c) charged to goodwill or negative goodwill due to positive temporary differences (relating to)	-	-
4.	**Total provision for deferred income tax at end of period, of which:**	**2,656,414.00**	**2,760,731.66**
	a) charged to financial result	-89,022.39	15,295.27
	b) charged to equity	277,442.00	277,442.00
	c) charged to goodwill or negative goodwill	2,467,994.39	2,467,994.39
5.	**Presumable value of provisions for deferred income tax associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (point 16.8. and 16.12.KSR 2). In this case, information is also given about the value of temporary differences relating to these investments.**	**-**	**-**

Note 13

Provisions

	Opening balance	Increases	Use	Releases	Closing balance
1. For deferred income tax	**2,760,731.66**	**16,766.00**	**-**	**121,083.66**	**2,656,414.00**
2. For retirement and similar benefits, of which:	**-**	**-**	**-**	**-**	**-**
a) long-term	-	-	-	-	-
b) short-term	-	-	-	-	-
3. Other provisions, of which:	**396,281.83**	**80,250.00**	**193,820.80**	**27,216.88**	**255,494.15**
a) long-term	-	-	-	-	-
b) short-term	396,281.83	80,250.00	193,820.80	27,216.88	255,494.15
– unused annual leave	202,461.03	-	-	27,216.88	175,244.15
– accruals for not invoiced costs	193,820.80	80,250.00	193,820.80	-	80,250.00
Total	**3,157,013.49**	**97,016.00**	**193,820.80**	**148,300.54**	**2,911,908.15**

Note 14

Information about transactions with related parties

Transaction description	Company name	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Sales of products	Boilerworks A/S	2,523,580.59	1,928,167.58
Sales of services	Boilerworks A/S	1,898,384.35	728,026.54
Sales of trading goods	Boilerworks A/S	-	-
Total		**4,421,964.94**	**2,656,194.12**
Sales of products	Danstoker A/S	9,137,297.19	6,344,732.87
Sales of services	Danstoker A/S	295,242.25	99,305.00
Sales of materials	Danstoker A/S	169,465.40	-
Total		**9,602,004.84**	**6,444,037.87**
Sales of services	Thermax	-	-
Total		**-**	**-**
Purchase of materials and fixed assets	Boilerworks A/S	303,336.00	435,856.14
Purchase of services	Boilerworks A/S	20,049.68	151,726.45
Total		**323,385.68**	**587,582.59**
Purchase of materials	Danstoker A/S	1,202,498.36	2,529,296.92
Purchase of services	Danstoker A/S	101,409.45	318,848.71
Recharge of costs - freight, guarantees	Danstoker A/S	38,153.97	-
Purchase of IT services and licences	Danstoker A/S	248,915.19	-
Loan and interests	Danstoker A/S	2,465,579.00	5,685,819.88
Total		**4,056,555.97**	**8,533,965.51**
Business development services	Thermax	198,527.83	326,801.15
Total		**198,527.83**	**326,801.15**

Note 15

Information about the entity preparing the consolidated financial statements at the highest level of the group in which the company is a subsidiary

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Ltd., Pune, India	Thermax Limited D-13, MIDC Industrial Area R D Aga Road, Chinchwad, Pune 411019; www.thermaxglobal.com

Note 16

Information about the entity preparing the consolidated financial statements at the lowest level of the group in which the company is a subsidiary

Name and registered office	Location where the consolidated financial statements may be accessed
Thermax Denmark ApS, Herning, Denmark	Danstoker A/S Industrivej Nord 13 7400 Herning DENMARK; www.cvr.dk

Note 17

Exchange rates used to value financial statements items expressed in foreign currencies

Currency	Exchange rate for the reporting period	Exchange rate for the previous period
EUR	4.6603	4.5523
USD	3.9676	4.1466
GBP	5.4679	5.1052
DKK	0.6267	0.6096

Note 18
Breakdown of cash for the statement of cash flows

Item A.II.3. Interest and shares in profits (dividends)	31/03/2021	31/03/2020
Interest on deposits in excess of 3 months	-	-
Interest on loans	-	-
Interest on credits	-	-
Dividends received and booked	-	-
Dividends paid and booked	-	-
Other interest	-	-
Total interest	**-**	**-**

Item A.II.5. Changes in cost provisions	31/03/2021	31/03/2020
Provision for deferred income tax	2,656,414.00	2,760,731.66
Provision for retirement and similar benefits	-	-
Other provisions	255,494.15	396,281.83
Total	**2,911,908.15**	**3,157,013.49**
Change in value	**-245,105.34**	**504,506.23**

Item A.II.6. Changes in inventory	31/03/2021	31/03/2020
Total inventory	5,006,914.90	5,025,748.03
Purchase costs	-	-
Revaluation	-	-
Total	**5,006,914.90**	**5,025,748.03**
Change in value, of which:	**18,833.13**	**-3,306,480.76**
Change in the value of a non-cash contribution received(-)/made(+) in the form of current assets (inventory)	-	-

Item A.II.7. Changes in receivables	31/03/2021	31/03/2020
Long-term receivables	-	-
Short-term receivables from related parties	1,327,734.84	650,035.95
Short-term receivables from other parties in which the company has invested capital	-	-
Short-term receivables from other parties	2,381,422.88	1,353,790.29
Total receivables	**3,709,157.72**	**2,003,826.24**
Change in receivables	**-1,705,331.48**	**-100,644.33**

Item A.II.8. Change in short-term liabilities, excluding credits and loans	31/03/2021	31/03/2020
Short-term liabilities to related parties	3,039,705.04	2,695,231.70
Short-term liabilities to other parties in which the company has invested capital	-	-
Short-term liabilities to other parties	5,419,710.48	4,816,182.77
Special funds	57,523.96	29,864.80
Total liabilities, of which:	**8,516,939.48**	**7,541,279.27**
Liabilities relating to the purchase of tangible and intangible fixed assets	-	-
Liabilities relating to investments in real estate and intangibles	-	-
Other liabilities relating to investment activities	-	-
Total liabilities relating to investment activities	**-**	**-**
Liabilities relating to the purchase of treasury (own) shares	-	-
Liabilities relating to dividends and other payments to shareholders	-	-
Liabilities relating to the distribution of profit, other than payments to shareholders	-	-
Liabilities relating to debt securities	-	-
Other financial liabilities	-	-
Liabilities relating to finance lease agreements	-	-
Liabilities relating to credits and loans	-	-
Total liabilities from financing activities	**-**	**-**
Liabilities relating to income tax charged directly to equity	**-**	**-**
Liabilities relating to operating activities	**8,516,939.48**	**7,541,279.27**
Change in liabilities	**975,660.21**	**4,978,571.41**

Item A.II.9. Change in prepayments and accruals	31/03/2021	31/03/2020
Long-term prepayments	1,186,640.00	796,551.89
Short-term prepayments	71,996.73	73,617.30
Total	**1,258,636.73**	**870,169.19**
1. Change in value	**-388,467.54**	**73,989.51**
Negative goodwill	9,510,024.26	9,928,047.26
Long-term accruals	-	-
Short-term accruals	14,335.36	16,691.92
Total	**9,524,359.62**	**9,944,739.18**
2. Change in value	**-420,379.56**	**-420,379.56**
Total change in prepayments and accruals (1+2)	**-808,847.10**	**-346,390.05**

Item A. II. 10. Other adjustments	**31/03/2021**	**31/03/2020**
Non-financial losses caused by accidental events to investment activity items (plus)	-	-
Net write downs relating to impairment of value, adjusting the value of fixed assets and short-term financial assets (plus or minus)	-	-
Cancellation of credits and loans taken out (minus)	-	-
Cancellation of long-term loans (plus)	-	-
Provision for deferred tax for potential interests	-88.02	-277,353.98
Other	3,153.38	4,838.89
Total	**3,065.36**	**-272,515.09**
Change in value	**3,065.36**	**-272,515.09**

Item E. Net change in cash balances	**31/03/2021**	**31/03/2020**
Cash in hand	443.46	419.76
Cash at bank	1,043,441.16	1,388,256.38
Bank deposits for up to 3 months	-	-
Cash equivalents, of which:	-	-
– checks	-	-
– promissory notes	-	-
– other	-	-
Total cash and cash equivalents	**1,043,884.62**	**1,388,676.14**
Change in cash and cash equivalents	**-344,791.52**	**1,154,776.36**
Balance sheet valuation of cash	3,968.84	1,724.58
Change in cash relating to foreign exchange differences	**-2,244.26**	**-**
Restricted cash	**19,567.67**	**82,279.28**

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 exists

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:	**113.50**	**105.96**
– white collar (in non-labor positions)	40.70	36.00
– blue collar (in labor positions)	72.80	69.96
– apprentices	-	-
– home-based workers	-	-
– employees on parental or unpaid leave	-	-

Note 21

Remuneration due or paid out to members of the company's management, supervisory and administrative organs for the financial year

Remarks:

Do not exists. Board Members do not receive remuneration.

Note 22

Fee to certified auditor or entity authorized to audit financial statements, paid out or due for the financial year

Item	**Date of agreement relating to the reporting period**	**Duration of agreement relating to the reporting period**	**01.04.2020 - 31.03.2021**	**01.04.2019 - 31.03.2020**
Mandatory audit of financial statements			36,000.00	26,000.00
Other assurance services			-	-
Tax advisory service			-	-
Consolidated financial statements			-	-
Other services			67,192.76	60,000.00
Total			**103,192.76**	**86,000.00**

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

Remarks:

Do not exists.

Note 24

Threats to going concern

Item	Description
Confirmation of uncertainty with regard to going concern	NO
Description of uncertainties with regard to going concern	NO
Information about adjustments recognized in the financial statements in connection with uncertainty relating to going concern	NO
Description of actions undertaken or planned to eliminate uncertainty with regard to going concern	YES

There are no uncertainty with regard to going concern. The Company financing is confirmed by the parent company.

Due to the pandemic, the Company revised the 2020 budget, reducing the volume of orders, while increasing the base price for production services for the parent company. Effectively, sales revenues were reduced by 5%, while maintaining the assumed profitability.

Contracts signed with customers before the pandemic were mostly performed as planned, but some orders from external customers were delayed.

Due to the decline in revenues in Q3, the Company applied for public aid under the COVID shield and received it in Q4.

Orders portfolio allows for the assumption of a gradual improvement in the financial situation, while balancing of orders and production capacity will allow for the elimination of losses caused by downtime in periods with a low level of orders and additional costs generated by the need to work in overtime in periods with an excessive level of orders.

Note 25

Net revenue from the sale of goods for resale and finished products by type and territory

	01.04.2020 - 31.03.2021		**01.04.2019 - 31.03.2020**	
	from related parties	**from other parties**	**from related parties**	**from other parties**
1. Sale of services (by type)	2,193,626.60	922,488.17	728,649.04	836,188.93
– services	2,193,626.60	922,488.17	728,649.04	836,188.93
2. Sale of raw materials (by type)	169,465.40	5,241.35	200.00	18,520.06
– materials	169,465.40	5,241.35	200.00	18,520.06
3. Sale of goods for resale (by type)	857,512.00	-	765.00	373,395.60
– goods for resale	857,512.00	-	765.00	373,395.60
4. Sale of finished products or other services (by type)	11,660,877.78	8,505,411.44	8,576,601.95	10,097,110.35
– products	11,660,877.78	8,505,411.44	8,576,601.95	10,097,110.35
5. Other sales revenue (by type)	-	-	-	-
TOTAL	**14,881,481.78**	**9,433,140.96**	**9,306,215.99**	**11,325,214.94**
of which:				
Sale to domestic customers	8,515,657.04		10,845,040.87	
– finished products/services	7,661,640.04		10,471,645.37	
– goods for resale	854,017.00		373,395.50	
– materials	5,241.35		18,720.06	
Export sales	1,103,447.15		210,400.00	
– finished products/services	1,103,447.15		210,400.00	
– goods for resale	-		-	
EU sales	14,686,782.20		9,538,269.90	
– finished products/services - to related parties	12,883,374.38		9,075,850.99	
– finished products/services - to other parties	1,633,942.42		461,653.91	
– materials - to related parties	169,465.40		-	
– goods for resale - to related parties	-		765.00	
– goods for resale - to other parties	-		-	

Note 26

Costs by nature and costs of producing goods for the entity's own needs

	01.04.2020 - 31.03.2021	**01.04.2019 - 31.03.2020**
A. Cost of producing goods for the entity's own needs	**-21,545.77**	**-**
B. Costs by nature	**27,462,633.80**	**27,701,331.24**
1. Depreciation	1,365,289.59	1,347,032.51
2. Use of materials and energy	9,946,356.08	9,764,855.22
3. Third party services	5,881,171.61	6,834,996.97
4. Taxes and charges, of which:	316,747.20	322,572.58
– excise tax	-	-
5. Wages and salaries	7,991,579.76	7,424,009.14
6. Social insurance and other employee benefits, of which:	1,866,116.12	1,732,820.60
– retirement	709,515.71	659,684.80
7. Other costs by nature	95,373.44	275,044.22
C. Cost of goods for resale and raw materials sold	**1,136,875.07**	**287,530.26**
TOTAL	**28,577,963.10**	**27,988,861.50**

Note 27

Other operating revenue

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
I.	**Released provisions (relating to)**	**-**	**-**
II.	**Subsidies**	**625,633.51**	**-**
	1) donation for remuneration costs - COVID	625,633.51	-
III.	**Revaluation of non-financial assets**	**-**	**-**
IV.	**Other, of which:**	**1,139,288.70**	**1,279,605.10**
	A. Released provisions (relating to)	**418,023.00**	**418,023.00**
	– badwill depreciation	418,023.00	418,023.00
	B. Others	**721,265.70**	**861,582.10**
	1) inventory surplus	593,850.64	804,944.30
	2) loan cancellation	2,356.56	2,356.56
	3) disabled persons fund	61,551.39	53,743.18
	4) other revenues	63,507.11	538.06
Other operating revenue		**1,764,922.21**	**1,279,605.10**

In connection with the COVID-19 pandemic, the Company received non-returnable public aid from the FGŚP under the Anti-Crisis Shield to subsidize the remuneration of employees not affected by downtime, economic downtime or reduced working hours due to the decline in economic turnover following the occurrence of COVID-19, for the period 12.2020 to 02.2021. The total amount of aid was PLN 625,633.51.

Note 28

Other operating costs

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
I.	**Provisions (relating to)**	**-**	**-**
II.	**Other, of which:**	**864,459.15**	**1,047,557.62**
	1) provision for doubtful debts	171,302.95	-
	2) inventory losses	665,960.00	1,039,575.32
	3) disposal costs of non-financial fixed assets	-	-
	4) completed financial lease	-	7,806.28
	5) other operating costs	27,196.20	176.02
TOTAL other operating costs		**864,459.15**	**1,047,557.62**

Note 29

Selected financial revenue

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
I.	**Total financial revenue from dividends and shares in profits**	**-**	**-**
	a) from related parties, of which:	-	-
	b) from other parties	-	-
II.	**Total financial revenue from interest**	**-**	**14.92**
	1) on loans	-	-
	a) from related parties, of which:	-	-
	b) from other parties	-	-
	2) other interest	-	14.92
	a) from related parties, of which:	-	-
	b) from other parties	-	14.92
III.	**Total other financial revenue**	**121,782.23**	**66,508.97**
	1) foreign exchange gains	105,611.70	66,508.97
	– realized	43,827.15	46,394.30
	– unrealized	61,784.55	20,114.67
	2) released provisions (relating to)	-	-
	3) other, of which:	16,170.53	-

Note 30

Selected financial costs

		01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
I.	**Total financial interest costs**	**60,191.63**	**2,214.64**
	1) on credits and loans	56,341.38	-
	a) to related parties, of which:	56,341.38	-
	– to the holding company	56,341.38	-
	b) to other parties	-	-
	2) other interest	3,850.25	2,214.64
	a) to related parties, of which:	-	-
	b) to other parties	3,850.25	2,214.64
II.	**Total other financial costs**	**128,732.99**	**429,874.10**
	1) foreign exchange losses	128,721.99	429,874.10
	– realized	468,097.74	290,194.32
	– unrealized	-339,375.75	139,679.78
	2) provisions (relating to)	-	-
	3) other, of which:	11.00	-

Amended presentation of interests for previous year. All shown as 2)other interests

Note 31

Prepayments and accruals

		31.03.2021	31.03.2020
Long-term prepaid expenses, of which:		**1,186,640.00**	**796,551.89**
1.	Deferred income tax assets, of which:	1,186,640.00	796,551.89
	– from tax losses, by date on which the right to deduct loss expires	1,030,794.00	316,951.83
	– in the year 2025	381,073.00	-
	– in the year 2024	649,721.00	251,026.35
	– in the year 2023	-	65,925.48
	– from unaccounted tax exempt income and unaccounted tax base reductions	-	396,189.79
	– from other negative temporary differences, of which among others (please list the greatest):	155,846.00	83,410.27
	– unpaid social insurance	42,297.00	21,586.00
	– provision for receivables	68,070.00	-
	– unpaid interests	10,705.00	-
	– unrealized exchange differences	284.00	44,697.25
	– others (unoaid remuneration, provision for annual leave)	34,490.00	17,127.02
	– revaluation write downs on deferred income tax assets	-	-
2.	Total difference between the value of received financial assets and the liability due for them:	-	-
	– credits	-	-
	– bonds	-	-
	– other	**-**	**-**
3.	Other	-	-
Short-term prepayments, of which:		**71,996.73**	**73,617.30**
1.	Personal and property insurance	6,007.13	13,903.11
2.	Software subscription	64,810.44	59,048.47
3.	Training	-	665.72
4.	Magazine subscriptions	1,179.16	-
Accruals, of which:		**9,524,359.62**	**9,944,739.18**
1.	Negative goodwill	9,510,024.26	9,928,047.26
	Opening balance	9,928,047.26	10,346,070.26
	a) increases, of which:	-	-
	b) decreases, of which:	418,023.00	418,023.00
	– negative goodwill depreciation	418,023.00	418,023.00
2.	Other accruals, of which:	14,335.36	16,691.92
	a) long-term, of which:	-	-
	b) short-term, of which:	14,335.36	16,691.92
	– loan cancellation	14,335.36	16,691.92
3.	Deferred income, of which:	-	-
	a) long-term, of which:	-	-
	b) short-term, of which:	-	-
4.	Accruals for construction contracts	-	-

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**	**-**	**20,858,864.19**	**5,221,958.51**	**326,300.00**	**354,348.37**	**28,330,052.62**
Increases, of which:	-	-	9,900.00	3,170.73	-	-	13,070.73
– acquisition	-	-	9,900.00	3,170.73	-	-	13,070.73
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Decreases, of which:	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– revaluation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Gross closing balance	**1,568,581.55**	**-**	**20,868,764.19**	**5,225,129.24**	**326,300.00**	**354,348.37**	**28,343,123.35**
Accumulated depreciation at beginning of period	**-**	**-**	**1,745,539.55**	**1,764,394.10**	**139,014.13**	**173,126.71**	**3,822,074.49**
Current depreciation – increases	-	-	598,491.28	652,882.64	47,662.00	64,324.60	1,363,360.52
Decreases, of which:	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Accumulated depreciation at end of period	**-**	**-**	**2,344,030.83**	**2,417,276.74**	**186,676.13**	**237,451.31**	**5,185,435.01**
Permanent impairment at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Permanent impairment at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at beginning of period	**1,568,581.55**	**-**	**19,113,324.64**	**3,457,564.41**	**187,285.87**	**181,221.66**	**24,507,978.13**
Net book value at end of period	**1,568,581.55**	**-**	**18,524,733.36**	**2,807,852.50**	**139,623.87**	**116,897.06**	**23,157,688.34**
Percent used up from opening value (%)	-	-	0.11	0.46	0.57	0.67	0.18

Note 33

Expenses for non-financial fixed assets incurred in the financial year and planned for the coming year

List by planned contractual repayment period	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Costs incurred in period,of which:	**13,070.73**	**454,891.41**
Acquisition of intangible fixed assets	-	-
Acquisition of fixed assets, of which:	13,070.73	454,891.41
– for environmental protection	-	-
Fixed assets under construction, of which:	-	-
– for environmental protection	-	-
Investments in real estate and rights	-	-
Costs planned in next period, of which:	**-**	**-**
Acquisition of intangible fixed assets	-	-
Acquisition of fixed assets, of which:	-	-
– for environmental protection	-	-
Fixed assets under construction, of which:	-	-
– for environmental protection	-	-
Investments in real estate and rights	-	-

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Note 34

Inventory

	2021.03.31	2020.03.31
Raw materials	2,588,563.79	2,930,031.28
Semi-finished products and work in progress	1,914,290.98	1,420,444.66
Finished products	480,686.72	544,513.89
Goods for resale	4,924.40	-
Advances for deliveries	18,449.01	130,758.20
TOTAL	**5,006,914.90**	**5,025,748.03**

Note 35

Finance leases at the lessee

Does not exists

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 owned	1,568,581.55	-	20,858,864.19	5,221,958.51	326,300.00	354,348.37	28,330,052.62
Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease agreements, of which:	-	-	-	-	-	-	-
used based on rental agreements	-	-	-	-	-	-	-
used based on tenancy agreements	-	-	-	-	-	-	-
used based on lease agreements	-	-	-	-	-	-	-
used based on other agreements (specify)	-	-	-	-	-	-	-
Total tangible fixed assets	**1,568,581.55**	**-**	**20,858,864.19**	**5,221,958.51**	**326,300.00**	**354,348.37**	**28,330,052.62**

Note 37

Ageing of short-term receivables

			Gross short-term receivables	of which: disputed receivables	Provision for doubtful debts	Net short-term receivables
1.	**Receivables from related parties**		**1,327,734.84**	**-**	**-**	**1,327,734.84**
	a)	**trade receivables due within 12 months**	**1,327,734.84**	**-**	**-**	**1,327,734.84**
		Opening balance	650,035.95	-	-	650,035.95
		Closing balance, of which:	1,327,734.84	-	-	1,327,734.84
		– current	1,327,734.84	-	-	1,327,734.84
		– overdue by 1 month or less	-	-	-	-
		– overdue by 1 to 3 months	-	-	-	-
		– overdue by 3 to 6 months	-	-	-	-
		– overdue by 6 months to 1 year	-	-	-	-
		– overdue by more than 1 year	**-**	**-**	**-**	**-**
	b)	**trade receivables due in more than 12 months**	**-**	**-**	**-**	**-**
		Opening balance	-	-	-	-
		Closing balance, of which:	-	-	-	-
	c)	**other**	**-**	**-**	**-**	**-**
		Opening balance	-	-	-	-
		Closing balance, of which:	-	-	-	-
2.	**Receivables from other parties**		**2,739,688.53**	**-**	**358,265.65**	**2,381,422.88**
	a)	**trade receivables due within 12 months**	**2,188,858.91**	**-**	**358,265.65**	**1,830,593.26**
		Opening balance	837,250.76	-	-	837,250.76
		Closing balance, of which:	2,188,858.91	-	358,265.65	1,830,593.26
		– current	383,046.76	-	-	383,046.76
		– overdue by 1 month or less	44,016.69	-	-	44,016.69
		– overdue by 1 to 3 months	71,391.76	-	-	71,391.76
		– overdue by 3 to 6 months	964,043.89	-	40,000.00	924,043.89
		– overdue by 6 months to 1 year	366,823.99	-	60,000.00	306,823.99
		– overdue by more than 1 year	359,535.82	-	258,265.65	101,270.17

		Gross short-term receivables	of which: disputed receivables	Provision for doubtful debts	Net short-term receivables
b)	**trade receivables due in more than 12 months**	**-**	**-**	**-**	**-**
	Opening balance	-	-	-	-
	Closing balance, of which:	-	-	-	-
c)	**tax, subsidy and social insurance receivables**	**535,427.62**	**-**	**-**	**535,427.62**
	Opening balance	458,377.53	-	-	458,377.53
	Closing balance, of which:	535,427.62	-	-	535,427.62
	– current	535,427.62	-	-	535,427.62
	– overdue by 1 month or less	-	-	-	-
	– overdue by 1 to 3 months	-	-	-	-
	– overdue by 3 to 6 months	-	-	-	-
	– overdue by 6 months to 1 year	-	-	-	-
	– overdue by more than 1 year	-	-	-	-
d)	**other receivables**	**15,402.00**	**-**	**-**	**15,402.00**
	Opening balance	352.00	-	-	352.00
	Closing balance, of which:	15,402.00	-	-	15,402.00
	– current	15,402.00	-	-	15,402.00
	– overdue by 1 month or less	-	-	-	-
	– overdue by 1 to 3 months	-	-	-	-
	– overdue by 3 to 6 months	-	-	-	-
	– overdue by 6 months to 1 year	-	-	-	-
	– overdue by more than 1 year	-	-	-	-
e)	**receivables in court**	**-**	**-**	**-**	**-**
	Opening balance	115,620.00	-	-	115,620.00
	Closing balance, of which:	-	-	-	-

Note 38

Short-term receivables from related parties (ownership structure)

		Gross short-term receivables	Provision for doubtful debts	Net short-term receivables
1.	**Trade receivables, of which from:**	**1,327,734.84**	**-**	**1,327,734.84**
	a) subsidiary companies	-	-	-
	b) co-subsidiary companies	421,661.26	-	421,661.26
	c) associated companies	-	-	-
	d) significant investor	-	-	-
	e) co-subsidiary's shareholder	-	-	-
	f) holding company	906,073.58	-	906,073.58
2.	**Other, of which from:**	**-**	**-**	**-**
	a) subsidiary companies	-	-	-
	b) co-subsidiary companies	-	-	-
	c) associated companies	-	-	-
	d) significant investor	-	-	-
	e) co-subsidiary's shareholder	-	-	-
	f) holding company	-	-	-
3.	**In court, of which from:**	**-**	**-**	**-**
	a) subsidiary companies	-	-	-
	b) co-subsidiary companies	-	-	-
	c) associated companies	-	-	-
	d) significant investor	-	-	-
	e) co-subsidiary's shareholder	-	-	-
	f) holding company	-	-	-
Total short-term receivables from related parties		**1,327,734.84**	**-**	**1,327,734.84**

Note 39

Short-term receivables (currency structure)

		in PLN	in Euro	Translated into PLN	in DKK	Translated into PLN	Total short-term receivables in PLN
1.	**From related parties, of which from:**	**1,327,734.84**	**-**	**-**	**-**	**-**	**1,327,734.84**
	subsidiaries relating to:	-	-	-	-	-	-
	co-subsidiaries relating to:	421,661.26	-	-	-	-	421,661.26
	sales of products and services	421,661.26	-	-	-	-	421,661.26
	associates relating to:	-	-	-	-	-	-
	significant investor relating to:	-	-	-	-	-	-
	co-subsidiary's shareholder relating to:	-	-	-	-	-	-
	holding company relating to:	906,073.58	-	-	-	-	906,073.58
	sales of products and services	906,073.58	-	-	-	-	906,073.58
2.	**From other parties relating to:**	**669,101.83**	**281,931.12**	**1,313,883.61**	**328,504.02**	**205,873.47**	**2,188,858.91**
	sales of products and services	669,101.83	281,931.12	1,313,883.61	328,504.02	205,873.47	2,188,858.91

Note 40

Long-term liabilities to the holding company – ageing

Ageing	Credits and loans	Securities	Other financial liabilities	Finance leases	Other	Total
from 1 to 3 years						
beginning of period	6,848,293.89	-	-	-	-	6,848,293.89
end of period	9,422,572.34	-	-	-	-	9,422,572.34
from 3 to 5 years						
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
more than 5 years						
beginning of period	-	-	-	-	-	-
end of period	-	-	-	-	-	-
Total						
beginning of period	6,848,293.89	-	-	-	-	6,848,293.89
end of period	9,422,572.34	-	-	-	-	9,422,572.34

Note 41

Long-term liabilities (currency structure)

		in PLN	in Euro	Translated into PLN	Total long-term liabilities in PLN
1.	**To related parties, of which to:**	**9,422,572.34**	**-**	**-**	**9,422,572.34**
	subsidiaries relating to:	-	-	-	-
	co-subsidiaries relating to:	-	-	-	-
	associates relating to:	-	-	-	-
	significant investor relating to:	-	-	-	-
	co-subsidiary's shareholder relating to:	-	-	-	-
	holding company relating to:	9,422,572.34	-	-	9,422,572.34
	- loan	9,422,572.34	-	-	9,422,572.34
2.	**To other parties relating to:**	**-**	**-**	**-**	**-**

Note 42

Short-term liabilities to holding company

		31/03/2021	31/03/2020
1.	**Credits and loans, of which:**	**-**	**-**
	– with a long-term repayment period	-	-
	– debt securities	-	-
	– dividends	-	-
2.	**Other financial liabilities, of which:**	**-**	**-**
3.	**Trade payables, with due dates:**	**3,039,705.04**	**2,695,231.70**
	– within 12 months	3,039,705.04	2,695,231.70
	– in more than 12 months	-	-
4.	**Advances received on deliveries**	**-**	**-**
5.	**Promissory notes**	**-**	**-**
Total		**3,039,705.04**	**2,695,231.70**

Note 43

Short-term liabilities to other companies

		31/03/2021	31/03/2020
1.	**Credits and loans, of which:**	**-**	**-**
	– with a long-term repayment period	-	-
	– debt securities	-	-
	– dividends	-	-
2.	**Other financial liabilities, of which:**	**-**	**-**
3.	**Trade payables, with due dates:**	**2,326,115.47**	**2,429,953.98**
	– within 12 months	2,326,115.47	2,429,953.98
	– in more than 12 months	-	-
4.	**Advances received on deliveries**	**2,166,277.64**	**1,250,439.82**
5.	**Due to taxes, customs and social security**	**496,203.48**	**622,242.58**
6.	**Promissory notes**	**-**	**-**
7.	**Liabilities to employees due to salaries**	**430,666.02**	**512,720.67**
8.	**Other liabilities**	**447.87**	**825.72**
Total		**5,419,710.48**	**4,816,182.77**

Note 44

Short-term liabilities (currency structure)

		in PLN	in Euro	Translated into PLN	in USD	Translated into PLN	in DKK	Translated into PLN	Total short-term liabilities in PLN
1.	**To related parties, of which to:**	**1,900,766.47**	**228,695.28**	**1,065,788.63**	**12,937.50**	**51,330.85**	**34,815.86**	**21,819.09**	**3,039,705.04**
	subsidiaries relating to:	-	-	-	-	-	-	-	-
	co-subsidiaries relating to:	285,000.00	-	-	-	-	30,000.00	18,801.00	303,801.00
	trade payables	285,000.00	-	-	-	-	30,000.00	18,801.00	303,801.00
	associates relating to:	-	-	-	-	-	-	-	-
	significant investor relating to:	-	-	-	-	-	-	-	-
	co-subsidiary's shareholder relating to:	-	-	-	-	-	-	-	-
	holding company relating to:	1,615,766.47	228,695.28	1,065,788.63	12,937.50	51,330.85	4,815.86	3,018.09	2,735,904.04
	trade payables	1,615,766.47	228,695.28	1,065,788.63	12,937.50	51,330.85	4,815.86	3,018.09	2,735,904.04
2.	**To other parties relating to:**	**4,147,745.72**	**276,092.10**	**1,271,964.76**	**-**	**-**	**-**	**-**	**5,419,710.48**
	trade payables	2,064,040.71	56,235.60	262,074.76	-	-	-	-	2,326,115.47
	advances received on deliveries	1,156,387.64	219,856.50	1,009,890.00	-	-	-	-	2,166,277.64
	taxes and social security	496,203.48	-	-	-	-	-	-	496,203.48
	salaries	430,666.02	-	-	-	-	-	-	430,666.02
	other liabilities	447.87	-	-	-	-	-	-	447.87

Note 45

Short-term liabilities relating to credits and loans

Do not exist.

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	**-**	**-**	**-**	**-**	**4,923.00**	**-**	**4,923.00**
Increases, of which:	-	-	-	-	-	-	-
– acquisition	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	**-**	**-**	**4,923.00**	**-**	**4,923.00**

DANSTOKER POLAND SP. ZO.O.

	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
Accumulated amortization at beginning of period	**-**	**-**	**-**	**-**	**3,897.41**	**-**	**3,897.41**
Current amortization – increases	-	-	-	-	1,025.59	-	1,025.59
Accumulated amortization – decreases	-	-	-	-	-	-	-
– liquidation	-	-	-	-	-	-	-
– disposal	-	-	-	-	-	-	-
– internal transfer	-	-	-	-	-	-	-
– other	-	-	-	-	-	-	-
Total accumulated amortization at end of period	**-**	**-**	**-**	**-**	**4,923.00**	**-**	**4,923.00**
Permanent impairment at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Permanent impairment at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at beginning of period	**-**	**-**	**-**	**-**	**1,025.59**	**-**	**1,025.59**
Net book value at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Percent used up from opening value (%)	0%	0%	0%	0%	100%	0%	100%

Note 47

Cost of fixed assets under construction, including interest and foreign exchange differences that increase the cost of fixed assets under construction

	31/03/2021	31/03/2020
Cost of fixed assets under construction excluding interest and foreign exchange differences	-	-
Interest in the financial year increasing the cost of fixed assets under construction	-	-
Foreign exchange differences in the financial year increasing the cost of fixed assets under construction	-	-
TOTAL	**-**	**-**

Note 48

Special funds

	31/03/2021	31/03/2020
Social fund	57,523.96	29,864.80
Company fund for the rehabilitation of the disabled	-	-
Housing cooperative repair and renovation fund	-	-
Total	**57,523.96**	**29,864.80**

Note 49

Cost settlement data

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
I. Changes in settled costs +/-	**2,632,462.70**	**-**
1. Relating to inventory differences	72,109.36	-
2. Written off discontinued production	-	-
3. Write off of costs with no economic effect	2,560,353.34	-
4. Other	-	-
II. Change in inventory, finished products and accrued costs +/-	**2,394,977.70**	**1,964,958.55**
1. Finished products	480,686.72	544,513.89
2. Semi-finished products and work in progress	1,914,290.98	1,420,444.66
3. Accrued costs	-	-
III. Cost of goods sold	**24,429,169.77**	**26,048,651.39**
– cost of finished products sold	16,731,356.62	16,607,749.26
– cost of producing goods for the entity's own needs	-21,545.77	-
– sales costs	2,028,264.14	2,342,021.44
– general administrative costs	5,691,094.78	7,098,880.69
IV. Cost of goods for resale and raw materials sold	**1,136,875.07**	**287,530.26**

Note 50

Accumulated profit (loss) from previous years

	31/03/2021	31/03/2020
Accumulated profit (loss) from previous years at beginning of period	**-5,190,329.14**	**-4,912,887.14**
Accumulated profit from previous years at beginning of period	**-**	**-**
– changes in accounting methods (policies)	-	-
– adjustments of errors	-	-
Adjusted accumulated profit from previous years at beginning of period	**-**	**-**
a) increases (relating to)	-	-
b) decreases (relating to)	-	-
Accumulated profit from previous years at end of period	**-**	**-**
Accumulated loss from previous years at beginning of period	**5,190,329.14**	**4,912,887.14**
– changes in accounting methods (policies)	-	20.72
– adjustments of errors	-	277,421.28
Adjusted accumulated loss from previous years at beginning of period	**5,190,329.14**	**5,190,329.14**
a) increases (relating to)	6,008,573.37	-
– transfer of loss from previous years to be covered	6,008,573.37	-
b) decreases (relating to)	-	-
– coverage of loss from previous years from profit	-	-
Accumulated loss from previous years at end of period	**11,198,902.51**	**5,190,329.14**
Accumulated profit (loss) from previous years at end of period	**-11,198,902.51**	**-5,190,329.14**

Note 51

Changes in reserve capital

	31/03/2021	31/03/2020
Opening balance	**17,055,000.00**	**-**
increases (relating to)	**-**	**17,055,000.00**
– share premium	-	17,055,000.00
use (relating to)	**-**	**-**
Closing balance	**17,055,000.00**	**17,055,000.00**

THERMAX (THAILAND) LIMITED

Board of Directors

Bhavesh Chheda
Kedar Phadke
Umesh Barde

Registered Office

43 Thai CC Tower, 24th Floor,
Room No.245, South Sathorn, Yannawa, Sub-District,
Sathorn District, Bangkok.

Bankers

Citibank Thailand

Auditors

Morison CKS Company Limited (Head Office)
128/123 Phayathai Plaza Bldg, 11th floor, Unit 11 J, Phayathai Rd., Thangphayathai Ratchathewi, Bangkok, 10400, Thailand

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thermax (Thailand) Limited

Opinion

We have audited the financial statements of Thermax (Thailand) Limited (the Company) which comprise the statement of financial position as at March 31, 2021, the statements of income and changes in shareholders' equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non - Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai 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 Federation of Accounting Profession's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable 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.

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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, 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 management 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.

NETILUCK DENSIRIMONGKOL

Certified Public Accountant

Registration No. 5192

MORISON CKS CO., LTD.

Bangkok

May 4, 2021

Statement of Financial Position as at March 31, 2021

Assets	Note	2021 Baht	2021 Rs Lacs	2020 Baht	2020 Rs Lacs
CURRENT ASSETS					
Cash and cash equivalents		**2,764,667**	**64.70**	–	–
Trade accounts receivable		**89,024**	**2.08**	–	–
Other current assets		**69,328**	**1.62**	–	–
TOTAL CURRENT ASSETS		**2,923,019**	**68.40**	–	–
NON-CURRENT ASSETS					
Equipment	4	**67,521**	**1.58**	–	–
Refundable deposit		**383,850**	**8.98**	–	–
TOTAL NON-CURRENT ASSETS		**451,371**	**10.56**	–	–
TOTAL ASSETS		**3,374,390**	**78.96**	–	–
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Other payables	5	**537,605**	**12.58**	33,000	0.76
Other current liabilities		**12,737**	**0.30**	–	–
TOTAL CURRENT LIABILITIES		**550,342**	**12.88**	33,000	0.76
TOTAL LIABILITIES		**550,342**	**12.88**	33,000	0.76
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
Ordinary shares, 150,000 shares of par Baht 100 each		**15,000,000**	**3 51.02**	15,000,000	3 44.93
Issued and paid up share capital					
Ordinary shares, 150,000 shares of par Baht 25 each		**3,750,000**	**87.75**	3,750,000	86.23
Less: Share subscription receivables		–	–	(3,750,000)	(86.23)
Net		**3,750,000**	**87.75**	–	–
Deficit		**(925,952)**	**(21.67)**	(33,000)	(0.76)
TOTAL SHAREHOLDERS' EQUITY		**2,824,048**	**66.09**	(33,000)	(0.76)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,374,390**	**78.96**	–	–

Exchange rate : as at 31 March 2021 is THB = Rs 2.34
Exchange rate : as at 31 March 2020 is THB = Rs 2.29

Statement of Income for the year ended March 31, 2021

	Notes	For the year ended March 31, 2021 Baht	For the year ended March 31, 2021 Rs Lacs	For the period from March 9, 2020 to March 31, 2020 Baht	For the period from March 9, 2020 to March 31, 2020 Rs Lacs
REVENUE					
Service income	7	**246,800**	**5.78**	–	–
TOTAL REVENUE		**246,800**	**5.78**	–	–
EXPENSES					
Administrative expenses		**1,139,752**	**26.67**	33,000	0.76
TOTAL EXPENSES		**1,139,752**	**26.67**	33,000	0.76
NET LOSS FOR THE YEAR / PERIOD		**(892,952)**	**(20.90)**	(33,000)	(0.76)

Statement of Changes in Shareholders' equity for the year ended March 31, 2021

	Issued and paid up share capital Baht	Issued and paid up share capital Rs Lacs	Share subscription receivable Baht	Share subscription receivable Rs Lacs	Deficit Baht	Deficit Rs Lacs	Total Baht	Total Rs Lacs
Balance as at March 9, 2020	3,750,000	87.75	(3,750,000)	(87.75)	–	–	–	–
Net loss for the period	–	–	–	–	(33,000)	(0.77)	(33,000)	(0.77)
Balance as at March 31, 2020	3,750,000	87.75	(3,750,000)	(87.75)	(33,000)	(0.77)	(33,000)	(0.77)
Cash contribution for share capital	–	–	3,750,000	87.75	–	–	3,750,000	87.75
Net loss for the year	–	–	–	–	(892,952)	(20.90)	(892,952)	(20.90)
Balance as at March 31, 2021	**3,750,000**	**87.75**	**–**	**–**	**(925,952)**	**(21.67)**	**2,824,048**	**66.09**

These financial statements have been approved at the Annual General Meeting of Shareholders No ___________ dated 4 May 2021

Umesh Barde
Director

The notes form an integral part of the financial statements.

THERMAX (THAILAND) LIMITED

Notes to financial statements - March 31, 2021

1. General information

Thermax (Thailand) Limited was incorporated as a limited company under Thai laws on March 9, 2020.

The parent company is Thermax Limited, a company incorporated in India.

The Company operates its business in Thailand engaged in providing marketing and sales support services to affiliated and group companies, advisory services on business operations and engineering and technical services related to energy and environmental business.

The Company's registered address is at 43 Thai CC Tower, 24th Floor, Room No.245, South Sathorn, Yannawa, Sub-District, Sathorn District, Bangkok.

Coronavirus disease 2019 Pandemic

A new wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. The directors consider that the impact and level of disruption on the Company's operations will not be significant. However, they will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

2. Basis of preparation

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-publicly Accountable Entities (TFRS for NPAEs) including the interpretation and accounting guidance promulgated by the Federation of Accounting Professions under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations announced by the Department of Business Development regarding "The Brief Particulars in the Financial Statements B.E. 2554" dated 28 September 2011, under the Accounting Act. B.E. 2543.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the related amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3. Significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.2 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measure at the remaining amount less allowance for doubtful accounts based on a review of all outstanding amounts at year end. The amount of the allowance is the difference between the carrying amount of the receivables and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statements of income.

3.3 Equipment

Equipment are stated at historical cost less accumulated depreciation and losses on decline in value (if any).

Depreciation is calculated so as to write - off the cost of the assets on a straight-line basis over their estimated useful lives for 5 years.

3.4 Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income.

3.5 Operating Lease

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the lease term.

3.6 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 will be required to settle the obligation, and a reliable estimate of the amount can be made.

3.7 Foreign currencies

Transactions during the year denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling at the statements of financial position date. Exchange gains or losses are included in the statements of income.

3.8 Related parties transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.9 Revenues and expenses

Service income, excluding value add tax, is recognized when service have been rendered taking into account the stage of completion.

Other income and expenses are recognised on the accrual basis.

3.10 Income tax expense

The Company calculates income taxes according to the Revenue Code and records them on the accrual basis.

4. Equipment

	Office equipment	**Total**
	Baht	**Baht**
COST		
At start 01/04/20	-	-
Addition	75,000	75,000
At end 31/03/21	**75,000**	**75,000**
ACCUMULATED DEPRECIATION		
At start 01/04/20	-	-
Charge for the year	7,479	7,479
At end 31/03/21	**7,479**	**7,479**
NBV at start 01/04/20	-	-
NBV at end 31/03/21	**67,521**	**67,521**

5. Other payables

	2021	2020
	Baht	**Baht**
Other payables - related parties	**405,750**	-
Accrued expenses	**131,855**	33,000
Total	**537,605**	33,000

6. Lease agreements

The Company has entered into office rental and service agreements and room rental agreement. Under the terms of the agreements, the Company has committed to pay monthly rental and service fees in accordance with the agreements.

The future aggregate minimum lease payments under operating leases are as follows:

	2021	2020
	Thousand Baht	**Thousand Baht**
Not later than 1 year	**1,784**	-
Later than 1 year but not later than 5 years	**604**	-
	2,388	**-**

7. Promotional Privileges

The Company received promotional privileges from the Board of Investment under a promotion certificate No.63-0854-1-00-0-0 approved on December 11, 2019, the Company was granted certain promotional privileges for investment promotion on trade and investment support office (TISO). Under these privileges, the Company is required to comply with the terms and conditions as specified in the promotion certificate.

According to the announcement of the Board of Investment No. 14/1998 dated December 30, 1998 regarding reporting of revenue under the promotional privileges, the Company is required to report separately revenues from domestic and export between its promotional and non-promotional activities. Details are as follows:

For the year ended March 31, 2021

	NON BOI	BOI	TOTAL
	Baht	**Baht**	**Baht**
SERVICES INCOME			
Domestic services	-	246,800	246,800
TOTAL	**-**	**246,800**	**246,800**

8. Approval of financial statements

These financial statements were authorized for issuance by the Company's director on May 4, 2021.

Umesh Barde
Director

Notes

Notes

Notes

THERMAX

Corporate Office

Thermax House
14 Mumbai - Pune Road,
Wakdewadi, Pune - 411 003
www.thermaxglobal.com